Aird and Beatty Radio Plans Contrasted

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

CANADIAN MINING NEWS DEPARTMENT ON PAGE 16

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The Nation's Business

Patriotism is Last Refuge of Tax-Imposers
C. N. R. Bills Roll Up National Debts
Two Chief Plans for Radio Control

No Patriotism in Heavy Taxes

GEORGE HARVEY, one-time ambassador from the United States to the Court of St. James, made the remark that the United States should change its ambassador every six months. By the end of that period he has become so buried under British hospitality and diplomacy as to forget what his real duties are, Mr. Harvey inferred.

Canada's "ambassador" to Britain, Hon. G. Howard Ferguson, went to London as a determined fighter for Canadian interests. He came back for his recent visit a believer in the essential merit of Britain's high taxes and he took the occasion afforded by his Toronto address to urge Canadians to pay their taxes with equal cheerfulness.

Here are some samples of Mr. Ferguson's remarks:

"The present chancellor . . . announced that if . . . he could collect 75 per cent of the income taxes he would be able to balance the national budget. I was going down the Strand one day . . . I saw a queue of a hundred people . . . It was the income tax office with a queue of people waiting to pay their income taxes. . . The spirit behind it all is devotion to the national institution. . . .

"I think that everybody in a time like this should make his contribution. . . The money to operate services must be obtained some way and there is no other way except through taxation. . . The taxes are enormous. . . The remarkable feature of it is that in Great Britain they always go jogging along saying the sun is just around the corner. And everybody is co-operating in England."

* * *

MR. FERGUSON is now a public servant supported by the taxpayers' money and if he thinks that Britishers or Canadians are paying their onerous taxes willingly and with patriotic zeal he is sadly out of touch with mass opinion, both in Britain and here.

The British public and British business men are doing more "squealing" (to use Sir Campbell Stuart's candid phrase) than Mr. Ferguson would have us believe. Speaking as retiring head of the Federation of British Industries, Sir James Lithgow said the other day:

"Industrial development is dependent upon a plentiful supply of capital, derived not only from those who actually conduct industry, but also from the general public.

"Investors must believe that industrial adventure is likely to succeed and that, however poor the return of the immediate past or the present may be, a brighter future will wipe out present losses and produce profits commensurate with the risk. Such belief is an essential of that confidence which alone makes capital available to any enterprise under any system.

"The cost of public extravagance, falling as it has for the most part on the shoulders of those who have devoted their energies or their capital to our heavy industries, has given rise to the fear that the future holds out no hope of reward to these investors, and has created feelings dangerously approaching to resentment at the penal nature of the taxation which has been imposed. So long as direct taxation is permitted to remain at anything approaching its present level, faith and hope rather than gratitude must be our attitude to a Chancellor grappling with a tremendous task.

"To my mind the recent talk of equality of sacrifice is apt to lead to misconception, and to give those unconnected with trade a wrong impression of the effect of the demands made by the last budget. It is the equity of the sacrifice rather than the equality of it that requires to be emphasized.

"Expansion of expenditure has been stopped—a great achievement. Severe curtailment of purchases is being enforced, but it is impossible to feel confident from the published returns that a real change of heart has been effected in the minds of those who conceive their function to be to regulate rather than to govern."

* * *

ANOTHER prominent industrialist, Sir Percival Perry, said at the annual meeting of the Ford Motor Company of Great Britain:

"An income tax of 5s. in the pound is a burden greater—far greater—than is imposed by any other government in the world. It is a handicap which puts Britain almost completely out of the running in competition for international trade. In times like the present, when almost without exception every business is suffering a serious depletion of profits and has its resources frozen because of exchange difficulties and declining values, it is intolerable that the incidence of taxation compels struggling industry to make cash advances to the Government of such magnitude."

These men are better qualified to present the true British viewpoint than is Mr. Ferguson.

Public resentment against high taxation in Canada can not be allayed by a political appeal to patriotism.

* * *

NOR is there any point in declaring that the burden of taxation is less in Canada than in

(Continued on page 2, col. 4)

BARGAIN TRIPS OF RAILWAYS ARE SUCCESS

Merchandising Axiom is Applied and Brings Good Results

OPERATE AT PROFIT

Traffic Men See Further Benefits Arising from Popularity of Excursions

From Our Own Correspondent

MONTREAL.—Canadian railways, through the institution of cheap excursions, have gambled with crowd psychology and so far are ahead of the game. Not since before the war has the public seen such bargains in transportation; influenced by the current desire for economy it has swarmed through station gates and overflowed into second, third, and fourth sections of excursion trains and, railway officials are careful to point out, everyone has got a seat.

An examination of these special cheap trips which have been a feature of railroad activity in recent months brings out some interesting points. For railway men say there is something more behind the plan than the desire to stimulate lethargic traffic; it is, in fact, the foundation of a far-sighted policy to make the present generation more railway-conscious.

Provides Some Revenue

Obviously the present need of obtaining revenue cannot be overlooked. The public is looking for bargains and there has been plenty of evidence in merchandising to indicate that there are buyers for all goods if the goods are priced right. The railways through their special excursions, are literally putting on bargain sales in transportation, and the premise that the public will buy low-priced goods has been proved correct.

To date since February the Canadian Pacific has run 11 of these special trips, the first of their kind to be operated since before 1914. All of them have been profitable; all of them have been successful.

It is almost incredible that a $5 return fare from Toronto to Montreal could be made to pay the cost of operating a train. A few years ago the idea might have been laughed at. But when some 2,000 people make the trip in day coaches hauled by the highest powered locomotives on the line, the result is a profit.

Use Giant Engines

Traffic men point out that the recently developed high-powered locomotive is seen at its best in trips such as these. Hauling huge trains, fuel consumption is relatively low while the actual operating costs in connection with the trip are kept at a minimum. Further there it is possible on these through trips to tack as many as 18 cars on to one engine; a feat which would not be feasible if the train had to be stopped at way stations.

The Canadian National has found excursions practicable also. Since February the system has operated 8 of these special bargain trips with satisfactory results. Further it is planning more ahead, including a Montreal-Toronto-Niagara Falls trip in the near future at a return price of $6.

Provide Interesting Experiment

Railway officials look upon these excursions with special solicitude. They have been an experiment; so far justifiable. However, officials are quick to point out that the rates are justified only so long as they maintain their appeal; directly a low-rate special pulls out with a meagre crowd a heavy loss would be entailed.

But here is the angle of the business which may have more far-reaching effects than would appear on the surface. One traffic man feels there is a possibility that the special fare trips may lead to beneficial results in the future, and it is a factor considered by the Canadian Pacific in determining its present policy. For the special trips, according to this official, are tending to create a travel-minded public; are tending to wean the younger generation away from motor cars through a greater realization of the potentialities of the railways.

Brought Up in Motor Cars

Whether this viewpoint will be generally accepted is open to question; nevertheless it is an interesting angle. "A part of the present generation," said one traffic man, "has been born into an age of motor cars. During the war he was not encouraged to travel by railways; he has been brought up in an odor of motor cars and week-end trips on buses. Now, we feel that by giving these people an opportunity to travel by means of special rates, which so far have been made possible by their popularity, we may inculcate a greater respect in the minds of those people for the many services which the railway can offer them."

For the most part the excursions operated by the railways have been made from outside centres to the larger cities with the notable exceptions of the Montreal-Toronto runs. As yet there has been little, if any, of this activity in western divisions; success of the excursions depends largely on their operation in congested areas.

Probe of Montreal Bridge Is Forecast at Ottawa

From Our Own Correspondent

OTTAWA.—Best informed opinion on Parliament Hill indicates an investigation, probably by Royal Commission, into the building of the new Montreal harbor bridge. The government, it appears, has been in a position to launch such an investigation for some months. All accounts for the bridge have been audited and all the information is assembled. But the government has hesitated to bring on an enquiry at a time when business was meeting heavy weather. There has been a fear that such an investigation might rock the boat.

The case for an investigation is quite clear. The original estimate for the bridge was $6,500,000. Later on this was raised to $9,000,000. Subsequently when the work was starting the figure was placed at $10,000,000. But the actual cost was $19,000,000. The purpose of the investigation would be to show how this money was expended and the justification, if there is any, for the tremendous difference between estimates and actual payments. It is believed the enquiry will be launched next year.

FURTHER CURB ON INSURANCE STOCK BUYING

New Federal Act Would Cut Common Stock Investments to 15 p.c.

No Canadian insurance company will be allowed to hold more than 15 per cent of the book value of its total ledger assets in common stocks if legislation now before the Canadian Senate becomes law.

This provision is contained in "G-1," the last of a series of statutes proposed by the federal government as a solution to the present jurisdiction wrangle. It was put there at the request of the Canadian life companies themselves, The Financial Post understands, and replaces a previous statute which would have limited holdings of common stocks by insurance companies to 25 per cent of ledger assets.

Accompanying the statute is a corollary clause preventing any company which holds more than 15 per cent of its ledger assets in common stocks as at the coming into force of the act, from buying more common stocks until its present holdings are reduced to the 15 per cent figure.

Marks Radical Change

Such legislation marks a radical change in the attitude of Canadian insurance legislators, to the principle of common stock investments. Chiefly it affects, of course, the Sun Life Assurance Co., which is known the world over as the pioneer institution in common stock investments for life insurance companies. It also affects all other Canadian insurance companies which have big common stock holdings, although in the case of fire and casualty companies the amounts involved are trifling in comparison with the tremendous holdings of Sun Life.

Just what this restriction means to Sun Life is of importance from many points of view. For Sun Life is the largest insurance company in Canada, with total assets at the end of 1931 of $625,000,000 of which just under 50 per cent or $293,000,000 were invested in common stocks. On the basis of these figures, this means that a restriction of common stocks to 15 per cent would keep Sun Life out of the common stock market for probably the next decade since the company would not be able to buy any common stocks until its total assets reached nearly $2,000,000,000. At this point its common stock holdings at December 31 valuations would then be approximately 15 per cent of total assets.

Book Value Used

At the present time it is not possible to be any more specific as to the probabilities of the Sun Life position in this regard, for the new legislation is on the basis of book values and no figures are available as yet to the "book" value of the company's common stock holdings at the end of 1931. A year ago book values were $296,000,000 and market values $8,500,000 higher at $304,500,000. Only the "allowed" market value of $293,000,000 has been given out for 1931. Book value is probably not far short of the $300,000,000 mark which would make the two billion dollar mark for assets, in order to meet the new 15 per cent legislation, about right.

In the past five or six years, Sun Life has probably invested upward of $250,000,000 in common stocks, as its holdings of these securities amounted to only a little over $60,000,000 in 1925. As this company is in normal times one of the largest individual investors in Canada the switching of this buying power from common stocks to other types of investments is of considerable importance.

INSURANCE BILL HAS LOOPHOLE FOR PROVINCES

Special Clause Permits Changes When Jurisdiction Settled

Canada's much-debated federal insurance legislation received final approval at the hands of the banking and commerce committee of the Canadian Senate last week and now awaits a third reading in the Upper House. If that is given it will be rapidly submitted to the House of Commons and hopes are even held out that it may be passed in time to bring it into force by May 1, at which date special enabling legislation under which the federal insurance department now operates, will terminate.

The new bills require that all insurance companies operating in Canada in the insurance business must register with the Insurance Superintendent at Ottawa and that in order to register they must receive a certificate of solvency from the superintendent. These conditions apply to British, Canadian and foreign companies and in addition Canadian companies are required to meet certain conditions in regard to investments and so forth, similar to those imposed in times past by the Federal government. All matters affecting policy conditions and contracts are of course to be left to the provinces.

All But Provinces Agree

As the bill now stands it is understood that it is generally quite acceptable to the various insurance interests involved but as yet no final compromise has been reached between the federal government and the provinces. However, when the bill was passing through the Banking and Commerce Committee of the Senate last week, a clause was introduced by its sponsor, Senator Meighen, which permits it to be revised, changed or amended to give effect to any agreement subsequently arrived at as between the federal government and the protesting jurisdictions of Ontario, Quebec and British Columbia.

In explanation, Senator Meighen stated that although unfortunately no definite basis of agreement had been reached between the federal and provincial authorities, nevertheless it was deemed expedient to proceed with the bill, after making this provision for any changes necessary as a result of subsequent deliberations between these various parties.

Mutual Problem Settled

Regarding the contentious question of licensing the New England Factory mutuals and reciprocals, provision was finally made in the act whereby all companies presently licensed by the provinces would be admitted to registry by the federal government. This applies only to those companies now provincially-licensed.

It was further provided that in the case of those companies such as the New England Mutuals which have consistently refused to make a deposit with the superintendent at Ottawa, that their assets in Canada should be held by a Canadian trustee for pari passu distribution among all policyholders whether Canadian or foreign, but that none of these assets should be allowed to leave the country without the consent of the federal superintendent.

Another clause which was approved as a further safeguard for Canadians using the facilities offered by these companies, was a stipulation that all policies issued be stamped on their face so as to declare that the issuing company "being a mutual or reciprocal exchange, is not required to, and does not, hold its assets in Canada for the benefit of policyholders or subscribers in Canada."

Detroit and Canada Tunnel Will Pass Bond Interest

Interest due May 1 on the 6 per cent first mortgage sinking fund gold bonds of Detroit & Canada Tunnel Co. will not be paid, it is understood. There is $8,500,000 principal amount of the bonds outstanding and semi-annual interest charges amount to $255,000. Interest on the $8,491,000 of 6½ per cent debentures was passed on November 1 and a protective committee was formed by debenture holders. No details are available as to formation of a bondholders' protective committee, but it is anticipated that such a committee will be formed in the near future.

Traffic handled by the tunnel during recent months has been lower than in the corresponding period of 1931 but it is understood that revenue is sufficient to meet operating charges and leave a surplus for taxes. In the nine months ended Sept. 30, 1931, net earnings of the tunnel available for first mortgage bond interest amounted to $137,844 before provision for depreciation and amortization. During that period interest on first mortgage bonds amounted to $382,500.

PRAIRIE RAIN PROVES BOON FOR SEEDING

But Arid Clay Sub-Soil Quick to Absorb Surface Moisture

ACREAGE LOWER

Indications Point to Drop of Perhaps 4 Per Cent in Western Wheat Acreage

From Our Own Correspondent

WINNIPEG.—Last week's heavy precipitation over practically the whole of Western Canada, in the form of snow so far as a large part of Alberta is concerned, and of rains elsewhere, has done a great deal to change the crop outlook for the better. It has been particularly beneficial to the parts of Saskatchewan which suffered so severely from drought during the past three years.

It must be remembered, however, that although good crops have been harvested in each of the last three years in very large areas, and more especially in the northern parts of the province, mainly because rains happened to come at favorable times, there has been a progressive drying out of the country on an enormous scale. This has been reflected in a low water table in the land, lowering the levels of lakes and rivers, drying out ponds and sloughs, and giving a very dry subsoil.

Light Rainfall Usual

Western Canada, on the whole, is an area of comparatively light annual rainfall, with crop production made possible by the fact that a large part of the annual rainfall comes during the growing season, and as a rule in June. But it also rests on the existence of reserves of moisture in its deep clay subsoil, and those reserves have to a large extent been drawn upon in recent years.

That clay sub-soil extends for many feet below the top soil which varies in depth from a few inches to several feet, and its absorptive powers are enormous. To restore it to its former water content would doubtless take several years of more than average rainfall, and while that process is in progress there is a double demand on the rain that falls. Thus, although the drier areas of the south had received a considerable amount of rain last fall, and a good deal of snow during the winter, which had raised the hopes of farmers, the land was found to be in a disappointingly dry state at the opening of spring.

Dust storms, which had been one of the great features of last year's drought, had already begun, and there began to be fears of the successful germination of a new crop. Now it appears probable that satisfactory seeding conditions have been established. As the season progresses, however, it must be remembered that the sub-soil dryness, until it is overcome, creates a vulnerable condition for the crop during any prolonged period of dryness.

Acreage Reduction Probable

Some slight reduction in the acreage seeded to wheat, although not to an important extent now appears probable. The census last year disclosed the fact that wheat acreage had for several years been decidedly underestimated, and figures for the whole West were advanced by nearly three and a half million acres, or from 21,941,000 acres to 25,352,722 acres, while those for oats were reduced by slightly over 400,000,000 acres, or from 8,720,800 to 8,311,967 acres.

Some reduction in acreage will result from the number of farmers who have abandoned farms in southern Saskatchewan and have gone into the northern part of the province, where not for some time will they have as much land under cultivation as formerly. Then, a lack of seed may prevent some farmers from seeding as much land to wheat as would otherwise be the case. In recognized drought areas elaborate plans have been made for municipalities to furnish seed, with the assistance of the provincial and the Dominion Government, but not in every case will the quantity of seed furnished cover the full capacity of the land.

No Re-Seeding Relief

Then the Saskatchewan relief commission has given notice that a second supply for re-seeding, should the first seed advanced be blown out, can not be advanced. In cases outside of the drought area, where each farmer is expected to have his own supply of seed, there will be cases, where because of financial stress seed grain was not retained, or where the seed available is not of first-class quality. Probably in the majority of cases, and frequently with the assistance of a mortgage holder or the vendor of land, satisfactory arrangements for seed have been made, but undoubtedly some acreage will go without seed that otherwise might have been employed.

To some extent also, seeding will be limited on account of power. To a very large extent farmers are putting in the crop with horse power. Unlike a tractor, a horse can be kept at work for only a limited number of hours a day. On some farms there may not be enough horses to cover all the work that might be done during the seeding season, especially as many of them, from shortage of feed, will not be in the best of condition. In-

(Continued on page 2, col. 3)

Highlights of the Week

Happenings That Make News for This Issue of The Financial Post

Oldest Chain Store
The world's oldest chain store organization is Hudson Bay Company. It is meeting with some difficulties now. An extensive review of its 1931 report appears on page 8.

Where Profits Flower
How volume builds profits in industry and why profits drop so sharply when sales fall off moderately is graphically shown. Page 4.

Radio's Future
For the benefit of puzzled followers of the present conflict on radio in Canada we present a brief summary of the two chief proposals so far advanced, the Aird plan and the Beatty plan. Page 3. Discussion also in "The Nation's Business." Page 1.

Hammering Teck
Down drops Teck-Hughes and a bear raid on the Standard board is hinted. Page 16.

Excursions Again
The pre-war expedient of low-fare excursions has been revived by the railways, and with success. Page 1.

Where Moisture is Gold
Our Western editor discusses the implications of the recent rain in Western Canada and forecasts a reduction in wheat acreage. Page 1.

Employees' Stock
Steel Company of Canada employees have profited from their stock purchases because the company never sold them stock in boom times. Page 9.

Trend of Business
The Post's monthly indicator of Canadian business reveals a mixed trend; some elements good, others not so good. Page 7.

India's Leaders
The Indian Empire will send some of its distinguished sons to the Imperial Economic Conference. You will enjoy reading about them even if you cannot pronounce their names. Page 9.

Gasoline Prices Up
It's because American producers have raised crude oil prices. Page 9.

NEW ZEALAND OPENS MARKET FOR MANY CO'S

Canadian Auto Manufacturers Very Pleased at New Treaty

Canadian automobile manufacturers see real possibilities of recovering a market which once absorbed nearly $7,000,000 of Canada-made cars and parts, as a result of the new New Zealand treaty announced this week.

"The treaty is very gratifying," said Wallace R. Campbell, president and treasurer of Ford Motor Co. of Canada to The Financial Post. "We believe we can now qualify under the 75 per cent content clause and regain a valuable market."

All cars qualifying under this clause can enter New Zealand at the British preferential rate of 10 per cent (plus certain duties for passenger car bodies). Cars with a content of from 50 to 75 per cent pay a 20 per cent tariff under the new treaty as compared with a 10 per cent British preference and a 40 per cent general tariff. Since the old New Zealand treaty was abrogated in June, 1931, Canadian automobiles have been on the general tariff. The tariff against Canadian cars was first raised by New Zealand Aug., 1930.

General Motors Hopeful

General Motors officials questioned by The Financial Post were also hopeful that the treaty would mean more business for the Oshawa plant. As yet they had not been able to ascertain whether or not they would be able to qualify under the 75 per cent content clause because the company has been sending its cars to New Zealand in a knock-down condition which means that the work involved in a Canadian assembly is lost. They hope, however, that in addition to Chevrolet they will also be able to sell other makes of General Motors products in New Zealand.

Officials of Willys-Overland, Ltd. tell The Financial Post that the preference on the basis of a car costing $500 in the United States, means a benefit to Canada of $95 per car as against $32-$35 heretofore. This is for a car unable to qualify under the 75 per cent content law.

Exports of Canadian cars and parts to New Zealand in recent years is shown in the following table which also shows the important part these items bear in relation to Canada's total exports to that country. The heavy slump in Canada's trade since the treaty was abrogated is shown in part by

(Continued on page 2, col. 4)

PAGE HERSEY GAINS LARGELY FROM N.Z. PACT

May Regain Large Business Cut Off by Tariff Increases in 1931

Page-Hersey Tubes, Ltd., is one of the chief beneficiaries under the New Zealand trade treaty just announced. Before severance of former trade relations the company did 22 per cent of its foreign business with that Dominion and the cancellation of favored tariff relations entirely cut this business off. The company executives are encouraged to the point of thinking that they may be able to get back the old business. Exact figures are lacking as to what this will mean to the company but figures show that formerly exports of pipe and tube to New Zealand reached $300,000 and the company is known to have done nearly all the business.

This is especially helpful as the company has had improvement in its export business generally so far in 1932. Export business already is up 18 per cent as compared with the same period in 1931. This is due almost entirely to greater demand from Europe. The 20 per cent tariff put on in Great Britain work to the advantage of the company as it offsets the 10 per cent exchange difference and shuts out United States competitors. British tube makers have never adopted the Bessemer process so that the Canadian product gains a definite advantage with many British buyers.

Officials of Page-Hersey Tubes, Ltd., state that no change is contemplated in the dividend of $5 a share on the common stock. The dividend was earned with 81 cents a share to spare in 1931 and in preceding years had been earned twice over in every year since 1926.

Less than 8 per cent of the common stock of the company, The Financial Post is informed, is held in the names of brokers as compared with 14½ per cent a year ago and 31 per cent, or 52,000 shares, two years ago. Officials continue to attribute the stock market decline to distressed selling.

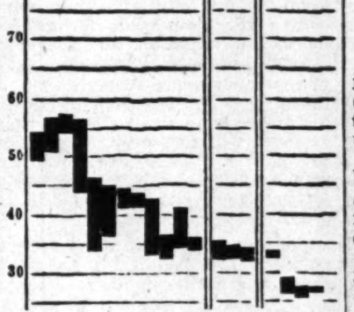
April production is stated to be larger than in any other month this year. Buyers are filling their needs on a hand to mouth basis but, with the new plant at Welland, Page-Hersey is better equipped to handle rush orders and so has been able to keep inventory comparatively low. It has therefore not been necessary to make the large write-offs from inventory which characterized the period of commodity price decline in 1921.

The financial statement for 1931 showed the company as having in cash, government bonds and call loans nearly $3,700,000, sufficient to maintain the present dividend for years if it were thought advisable to do so in a period of low earnings.

Stock Market

20 INDUSTRIAL STOCKS

MONTHLY Jan., 1931 to March, 1932 — Weekly April



MARKET RECORD

20 Industrial Stocks	High	Low
Week of April 26	27.0	25.9
Week of April 19	27.7	25.7
Month of April, 1931	55.7	42.6
8 Bank Stocks		
Week of April 26	202	202
Week of April 19	204	204
Month of April, 1931	248	241
10 Public Utilities		
Week of April 26	46	44
Week of April 19	49	47
Month of April, 1931	85	76

Dosco Output Sharply Off In Past Year

From Our Own Correspondent

MONTREAL.—Decline in earning power of Dominion Steel & Coal Corp. in 1931 is reflected in the output of its various controlled units.

Operations of the company may be divided into four major divisions, all of which show a sharp reduction in production in 1931 as compared with the prevailing year.

Output of coal amounted to 3,874,365 tons last year as against 4,964,937 tons in 1930. Production of steel ingots showed a falling off from 295,080 tons to 169,962 tons. The decline in pig iron output was even more pronounced, production in 1931 amounting to 101,383 as against 212,366 tons in 1930.

The inactivity of the Wabana Mines last year is well illustrated by the fact that production of iron ore amounted to only 537,210 tons, as agaainst 1,450,123 tons in the preceding year.

DONNACONA MAY ADJUST ITS POSITION

Expect Steps Will be Taken to Lighten Burdens

MARKETS ARE POOR

Conditions Over Last Two Years Have Not Been Favorable to Company

From Our Own Correspondent

MONTREAL.—Conditions affecting Donnacona Paper Co. have not been altogether favorable of late and it is possible that steps will be taken shortly to protect the interests of the first mortgage bondholders.

The financial statement for 1931 has not yet made its public appearance but expectations are that the operating profit will not show any marked improvement over that reported in 1930. This is in line with the showing made by other newsprint producers, whose reports for 1931 have been issued.

Earnings Are Limited

It will be recalled that in 1930 Donnacona was able to show sufficient earnings to cover bond and debenture interest, without making any allowance for depreciation and depletion which require slightly more than $200,000 per annum.

Since the formation of the present company earnings have never been wholly adequate, the best showing being made in 1928, when all interest was earned 1.11 times after providing for depreciation and depletion.

Pass Debenture Interest

Further support for the belief that last year's operations were not particularly fruitful is to be seen in the action of the directors in passing the February 1, 1932, interest on both the A and B debentures, of which there are $4,600,000 outstanding.

Donnacona is one of the oldest operators in the newsprint industry having come into being in 1912. It owns and leases extensive timber limits on the watershed of the Jacques Cartier River, Sault au Mouton River, etc., which have an estimated stand of 5,400,000 cords of pulpwood. It operates a newsprint mill at Donnacona, a short distance from Quebec City, which has a rated capacity of 230 tons daily.

Price Bros. Control

In 1927 control of the company was secured by Price Bros. and Co. through the purchase of the common and preferred stock. There was outstanding at the time $1,635,000 of preferred for which $110 was paid and $1,500,000, for which $100 a share was paid.

A new company was set-up at the beginning of 1928, having a funded debt of $7,000,000 of first mortgage bonds and $4,000,000 of 6 per cent series A debentures. The capital stock consisted of 150,000 shares of no par value common.

Built New Plant

Extensive improvements were carried out by the new interests, $250,000 having been spent in 1929. Coincident with the setting up of the new company the newsprint market went sour and in order to utilize more fully their resources, directors decided in the early part of 1929 to construct an insulating board mill for the manufacture of high grade insulating board products. This mill was completed early in 1930. Early sales of board products are reported to have been satisfactory, but the dropping off in building activity within the Dominion and slackness of export trade have no doubt curtailed the potential earning power of this unit.

The board mill cost in the neighborhood of $1,150,000 and in order

(Continued on page 2, col. 1)

Investor's Index

INDUSTRIALS, UTILITIES, ETC.

Ass. Qual. Can.	9	Ford Motors	10
Avon R. Power	4	Gen. Steel Wares	5
Abitibi P. & P.	11	Hayes Wheel	13
A. J. Freiman	8	H. Walker-G&W	11
Assoc. Breweries	13	Hudson Bay Co.	8
Belding-Cort.	8	Int'l Pr. & Pwr.	13
Beatty Bros.	8	Imperial Oil	10
B. A. Oil	11	Loblaw	11, 13
Bonded Royalties	11	Lond.-Can. Inv.	11
Bathurst P. & P.	13	Montreal Trams.	4
Canada Cement	13	Morrison Brass	13
Can. Celanese	13	Minn.-St. P. Rly.	5
Claude Neon	13	McColl-Front.	10
C. W. Lindsay	4	MacLaren Paper	5
C. G. I. T.	13, 15	Nat. Debenture	11
Can. S. S. Lines	15	N. S. Power	4
Can. Fin. Fndrs.	11	Page-Hersey	1
Candn. Car & F.	8	Quebec Cent. Ry.	4
Cockshutt Plow	5	Robt. Mitchell	8
Consumers' Gas	5	Steel of Canada	9
Detroit & Can. T.	1	Stand. Paving	10
Donnacona Pr.	1	Toronto Sub. Ry.	11
Dom. Steel & C.	1	Winnipeg Elec.	4
Dominion Stores	11	Wood, Alex. & J.	15
Easy Washing	15		

MINES AND OILS

Ashley Gold	16	Horseshoe M.	16
Acme O. & G.	16	Hollinger	16
Dome Mines	10	Morrison M.	2
Gem Lake	16	Telluride	16
Howe Sound	16	Teck-Hughes	16

QUOTATIONS

Bonds	14	Mines	15
Grain	15	Stocks	14
Foreign exchange	15		

REGULAR DEPARTMENTS

Answers to Enquiries	11
Business	7
Banking	12
Editorial	6
Insurance	12
Mining	16
Power and Paper	13
Utilities, Transportation	4

As New as To-day!

We're greeting spring in fitting fashion with two sparkling new hats . . . at prices in keeping with the times.

The St. Lawrence $5.00

The Horton - - $4.00

(Prices differ slightly in some localities)

Sponsored by the makers of Canada's leading hat

BROCK

WHEREVER WELL DRESSED MEN CONGREGATE

DONNACONA MAY ADJUST ITS POSITION

(Continued from page 1)

to reimburse the company in part for this expenditure, $600,000 of 6 per cent series B debentures were sold.

Balance Sheet Weak

At the end of 1930 the balance sheet of the company showed bank loans of $640,000 and bank overdrafts totalling $127,012. Accounts payable and other accrued liabilities totalled another $730,000. To meet these charges the company had no cash on hand, accounts receivable totalled $413,494, while $368,605 had been advanced on logging operations and $1,292,473 tied up in inventories.

What steps have been taken to better the liquid position of the company and take care of bank loans and current liabilities will not be known until the statement for last year is made public.

It is thought in some quarters that the capital of the company is too heavy in view of the limited earning power shown by Donnacona over the past three or four years. As already pointed out the bond and debenture interest has never been covered with any large surplus to spare and the way in which income has dropped off and the passing of debenture interest has given rise to the belief that some remedial measures will be taken.

Lighten the Burden

Expectations are that arrangements will be made to lighten the burden of the company for the immediate future, or until such time as an improvement takes place in the market for the company's products.

This step could be accomplished in various ways, such as bringing capitalization down in line with earnings; waiving interest charges for the time being, etc.

It is understood that consideration has been given to different plans and that before long some measures will be adopted to place the company in a stronger position financially.

PRAIRIE RAIN PROVES BOON FOR SEEDING

(Continued from page 1)

creasing use of horses as against tractors will also result in the diversion of some acreage from wheat to oats.

Might Reach Million

The combination of these reasons might well result in a reduction of a million acres or so in the area seeded to wheat this year. Since, however, it is the worst prepared land which will be left, the effect on production would be something less than the four per cent that would mean as applied to acreage.

Weather conditions have largely relieved fears as to grasshopper infestation this year. Grasshoppers were extremely plentiful last year, and while their depredations were not important, enough eggs were laid throughout the southern parts of Manitoba and Saskatchewan to provide the danger of very serious damage this year. Preparations had been begun for a poison campaign to fight them, but lack of municipal and provincial funds made it doubtful how far this would extend. Grasshopper and other insect pests are always more dangerous to crops in a dry spring.

Another factor of importance in crop production this year will be the much increased use of fertilizer, which is now being delivered in quantity from the plant of Consolidated Smelters, at Trail, B.C.

Just how the providential snow and rainfall which fell across the western provinces last week affected various sections of the prairies is shown by information given The Financial Post by the Dominion Meteorological Service at Toronto. In many cases the rain proved a turning point in the current outlook coming as it did at the beginning of seeding.

The table shows the actual rainfall at representative points during the three or four day wet "spell" and also total rainfall for April. It will be noticed that in many cases the two figures coincide almost identically.

Saskatchewan:

Alberta:	April Total (inches)	Week-end Rainfall (inches)
Calgary	3.44	3.44
Medicine Hat	1.42	1.32
Saskatchewan:		
Swift Current	1.18	1.06
Moose Jaw	.51	.45
Saskatoon	.65	.57
Regina	.40	.36
Qu'Apelle	.50	.24
Yorkton	2.09	1.80
Moosomin	.60	.52
Manitoba:		
Brandon	.88	.49
Portage la Prairie	1.55	.89
Winnipeg	.72	.62

Reported improvement in purchases recently in Saskatchewan and elsewhere through the Canadian West is heartening a number of firms at the moment. The present strength is not so pronounced that large companies and banks are willing to speak of it as permanent, but they are hopeful that it does mean that an increasing number of farmers are able to make ends meet even at present prices for wheat and other farm products.

It is probably much delayed buying and therefore too much store is not set upon it. Difficulties in interest, tax and mortgage principal collection still exist to prevent undue optimism. In the district so hardly beset by drought in 1931 reports indicate that sub-soil moisture as a result of fall rains is lower than usual, winter snowfall larger and surface moisture suitable for seeding. Most will depend on June rains.

In other parts of the West, however, moisture is greater both in subsoil and surface with rainfalls last fall and snowfalls larger. Improved statistical world position of grain also gives more courage to workers. If 75 cents a bushel is reached this year, it is said that debt payments will commence on some sort of scale.

Throughout Ontario and Quebec farmers are still keeping purchases very low while struggling against a situation made doubly difficult because low commodity prices have made mortgages and taxes more onerous than formerly. Many products are so cheap that farmers will not even take them to market. They are probably meeting tax and interest payments much better than in the West, however.

Reports indicate that even potatoes are being fed to pigs, sheep and cattle, because 15 cents a bag does not pay the farmer to draw them to the highway. Milk, his old standby, has also fallen in price because low prices for beef have made many farmers start milking cows which ordinarily do not give enough good milk to warrant milking. If these "cutters" were a little higher in price, they would go to market as beef. The farmer is still getting $1.45 delivered in Toronto and about $1.10 for the excess used to make cheese or butter. Attempts to market milk co-operatively are not turning out very well as the prospects do not encourage the investment of capital. The overproduction will not end until cutters and unproductive cows are eliminated.

So far Toronto and Montreal have avoided a milk price war of the virulence of that waged in Winnipeg.

The Nation's Business

(Continued from Page One)

Britain. The older nation can live off capital for a while and thus defer the final day of payment for its obligations. But in Canada our people are still engaged in building their careers. We have little surplus capital. We are on net balance a debtor nation and must each year find a surplus to pay interest on our debts. We must constantly be building up a capital fund in the hands of our people in order that business may expand and create new jobs. Money taken for unnecessary taxation in a young country like Canada seriously impairs our future as well as curtailing our present volume of employment.

The people of Canada should not pay their taxes without squealing. They should make known the true extent of their resentment at the failure of governments adequately to eliminate waste, curtail bureaucracy and live within reasonable taxation incomes.

* * *

Aird's Radio Plan and Beatty's Plan

THE Canadian public now has two national radio plans before it that for the sake of brevity may be called the Aird plan and the Beatty plan.

The Aird plan embraces the recommendations of the governmental commission that investigated radio and reported in 1929. It suggested the complete nationalization of radio in Canada under public ownership, the establishment of a chain of powerful key stations and some smaller ones to bring the benefits of Canadian broadcasting to all classes of people in Canada. The broadcasting would be financed by a combination of advertising revenues and of increased license fees, and would permit programmes of such a calibre to be broadcast that they would, by sheer merit, win Canadian attention away from United States stations. In short, the Aird Commission suggested radio nationalization by the establishment of a new department of government and the invasion of another field of business by government. The plan had much diligent and intelligent study behind it and was sincerely offered by men of undoubted independence of thought and of unquestionable Canadianism.

* * *

THE Beatty plan has as its objective the same end; to Canadianize radio broadcasting. But fundamentally the approach is quite different. Mr. Beatty sees that the Dominion Government has an important function to perform in radio, a function that is inevitable when one considers the limited number of space-bands available; the function of controlling the use of the air in the public interest. Through its licensing powers, the federal Department of Marine and Fisheries already carries on this work but Mr. Beatty feels that it could best be handled by a governmental commission, appointed in a manner to ensure its commercial and political independence. But beyond that Mr. Beatty will not follow the Aird committee. He feels that private ownership and operation of radio will prove most efficient and most successful. With this view, The Financial Post is in full agreement. Nothing is more essential to a return of prosperity in Canada than a healthy reduction in the number of fields of activity now invaded by government. Radio by bureaucracy is a peril from which the Canadian radio listener and the Canadian taxpayer should be spared.

* * *

MR. BEATTY'S plan goes a step further and outlines a system of private ownership of broadcasting under a complete monopoly. He would have all existing stations taken over by one private corporation which could gather together the necessary financial resources to improve and enlarge the available equipment in order that the full national coverage envisioned in the Aird report might be achieved. During the early years, while sources of revenue were being built up, the corporation would share in the license fees paid by set owners. Mr. Beatty does not consider that this would be in effect a governmental subsidy as the government would be merely a collecting agency for that proportion of the fees allotted to the company.

* * *

IT IS hard to avoid the impression that Mr. Beatty's proposal for monopoly control is in a sense a concession to the views of those who support the Aird report. To that extent it is an attempt to effect a workable compromise between the extreme of nationalization on the one hand and independent, intensive competition between numerous small and a few large stations as exists at present, on the other.

It may be questioned if a complete monopoly of radio in Canada by one corporation is necessary or desirable, even if that corporation were established on such national lines as are suggested by the president of the C. P. R. The example of aviation comes to mind. Canadian Airways is a national aviation company in which both the C. P. R. and C. N. R. are interested and which has numerous private shareholders. It has taken over air lines in all parts of Canada and given to Canada the nucleus of a valuable commercial flying service that in coming days should prove of inestimable value in bringing to Canada business the benefits of air transportation. Yet development of this one leading company has not prevented the formation of smaller operating companies. One essential difference between flying and radio must be recognized, of course. There is no limiting factor in the number of flying companies except the volume of business offering. But radio is limited by space band allotments. Even so, the public would probably feel better about one large company if a measure of competitive service by additional stations operating on other wave bands were provided for.

The best brains of Canada have been at work on the radio problem and a diversity of viewpoints has been presented. A policy will have to be developed shortly but the problem is not so urgent that adequate discussion may not be given.

* * *

Our Railway Debt is a Public Debt

IT IS of little avail to Canada to reduce its national debt if at the same time it increases that portion of its debt that for reasons unjustifiable is not included in the public accounts as part of the obligations of the Dominion. There were several years recently when Canada was paying off its public debt in fairly rapid fashion but at the same time it was committing itself to expenditures on the Canadian National Railways that entirely offset any debt reduction elsewhere.

The debt of the Canadian National Railways is an obligation of the people of Canada. Most of that debt is guaranteed directly by the Dominion government or by one of the provinces, four-fifths of the total, in fact. Of the small proportion not so guaranteed it is unlikely that any part would be defaulted by the railway without an assumption of the obligation by the national treasury. In any event the unguaranteed debts are a charge on important constituent assets of the railway that cannot lightly be discarded. Since the Canadian National is not by the farthest stretch of imagination a self-supporting business enterprise, its debts are the taxpayers' debts.

* * *

ONE can get a proper conspectus of the national debt situation only by viewing the so-called national debt and the Canadian National Railway's public debt together. That this is so will be quite apparent from the sets of figures which are published below.

Canada has been in the railway business on a transcontinental scale since about the beginning of 1919. Because the burden of war expenditures continued for some time after the war and because 1919 saw the railway operations of the Dominion really getting under way we may take the commencement of 1920 (and the commencement of the governmental fiscal year that began in 1920) as a starting point for comparisons of the growth of public debt and railway debt.

* * *

BETWEEN April 1, 1920, and March 31, last, the public debt of Canada increased by $132,000,000. This is more particularly shown in the following table indicating the decrease or increase in debt in the separate years:

INCREASE OR DECREASE IN PUBLIC DEBT
Years to March 31

1921	Increase	$ 92,000,000
1922	"	81,300,000
1923	"	31,600,000
1924	Decrease	36,000,000
1925	"	300,000
1926	"	27,700,000
1927	"	41,900,000
1928	"	51,000,000
1929	"	71,300,000
1930	"	47,700,000
1931	Increase	83,800,000
1932	"	119,500,000
Net Increase		$132,300,000

During approximately the same period, that is from January 1, 1920, to December 31, last, the public debt of the Canadian National Railways grew by three and a half times as much or by $475,000,000, as this table sets forth.

INCREASE OR DECREASE IN C. N. R. PUBLIC DEBT
Years to Dec. 31

1920	Increase	$ 19,400,000
1921	"	10,300,000
1922	Decrease	26,300,000
1923	Increase	18,600,000
1924	"	90,300,000
1925	"	17,400,000
1926	Decrease	5,800,000
1927	Increase	55,900,000
1928	Decrease	3,500,000
1929	Increase	144,700,000
1930	"	46,000,000
1931	"	107,900,000
Net Increase		$475,400,000

* * *

PUTTING the two together we find that, instead of a $132,000,000 increase in the obligations of the people of Canada during the same period, there has been an increase of $608,000,000.

The two sets of figures are combined in this table:

INCREASE OR DECREASE
In Combined Debt as of March 31
Taking C.N.R. Debt as of previous Dec. 31

1921	Increase	$111,400,000
1922	"	91,600,000
1923	"	5,300,000
1924	Decrease	17,400,000
1925	Increase	90,500,000
1926	Decrease	10,300,000
1927	"	47,700,000
1928	Increase	4,900,000
1929	Decrease	74,800,000
1930	Increase	97,000,000
1931	"	129,800,000
1932	"	227,400,000
Net Increase		$607,700,000

It is obvious where Canada's serious financial problem lies.

It should be obvious, too, that Canada has had a sufficiently expensive experience with government in business to warrant a complete reversal of public policy in regard to the bureaucratic invasion of the field of individual effort.

NEW ZEALAND OPENS MARKET FOR MANY CO'S

(Continued from page 1)

the figures for the last calendar year:

	Passenger Automobiles	Trucks, Chassis and Parts	Total Exports
1931	117,604	121,028	4,581,676
1930	3,814,860	1,070,554	15,030,071
1929	5,622,060	1,390,715	20,424,708
1928	2,819,735	548,711	15,011,550
1927	738,861	409,365	11,461,313
1926	3,194,535	832,732	15,213,942

Other lines of Canadian industry which expect material benefit from the new treaty announced in the Commons this week, are lumber, iron and steel tubing and rubber, silk hosiery, building products and implement manufacturers. Canada has never before been able to get preferred treatment for its lumber, lath and shingles and these items now receive a preference of 2 shillings per 100 super feet, the equivalent of $5 per 1,000 feet. New Zealand was just about to discuss such a preference for Canada over a year ago when the slapping on by Canada of a high butter duty closed the door to negotiations.

Page-Hersey Tubes, Ltd. is the Canadian company which stands to gain most from the removal of the virtual embargo on iron and steel tubes and piping. This company formerly did a $300,000 business in that country which has been cut off entirely in recent months. It now hopes to get practically all this business back again.

Goodyear Tire Co. officials when questioned by The Financial Post were still undecided just what effect the treaty would have on their company but stated that it was nip and tuck whether they would be able to recapture a market which a few years ago absorbed $1,000,000 of the company's products annually. They were hopeful if exchange and other factors were favorable that at least a part if not all this market might be regained.

Wool Comes Free

Just what Canadian wool growers will say about continuance of free entry to New Zealand wool is problematical. They probably will object strenuously. This concession to New Zealand together with a lowering of the butter tariff from 8 to 5 cents are the two chief items in favor of New Zealand. Fresh grape wines are also to be allowed in at 25 cents a gallon. In return all Canadian goods are placed on the British preferential tariff list except six specified items namely: tinned peas, silk and artificial silk hosiery, plaster-pulp sheets, some agricultural implements, electric heating and cooking appliances, and motor cars with less than 75 per cent Canadian content.

On these six items, Canada gets a tariff on tinned peas of 1½ pence per pound as against 2½ pence general; on silk and artificial silk hosiery 32½ per cent ad valorem as against 55 per cent ad valorem general; on plaster-pulp sheets 35 per cent ad valorem as against 45 per cent ad valorem general; on cultivators, harrows, ploughs, drills, sowers, seed or grain cleaners and separators a reduction in the surtax giving a net rate of 36¾ per cent ad valorem as against 43 per cent ad valorem general; on electric cooking and heating appliances 30 per cent ad valorem against 45 per cent ad valorem general; and on motor cars between 50 and 75 per cent Canadian content a basic rate of duty of 20 per cent as against 40 per cent general and British preferential 10 per cent.

The tariff rates, inclusive of "body" duty and surtaxes, on motor cars valued up to two hundred pounds are: 26¼ per cent British preferential and 68¾ per cent general, on cars with 75 per cent or more Canadian content, Canada is accorded the British preferential and on cars between 50 and 75 per cent Canadian content, a rate of 38¼ per cent ad valorem.

Agricultural Implements

Unspecified agricultural implements, including reapers, mowers, hay-rakes and threshing machines of Canadian origin enter New Zealand duty free except for the usual three per cent primage duty imposed against other countries.

Most of the New Zealand rates carry a surtax of 22½ per cent., consequently, the margin of preference in Canada's favor on the six items which are not accorded the full British preference is in actual practice larger than the comparison with the general rates indicated.

Details of Canada's trade with New Zealand for the last two fiscal years for which data are available are as follows. The real effect of the cancellation of the New Zealand treaty last summer, is not, of course, seen in these figures, but they give an excellent idea of the chief item of trade formerly carried on between these two countries which provided a $20,000,000 market for Canada at its peak and a $13,000,000 market for New Zealand produce.

Canada Trade with New Zealand
(Fiscal Years Ending Mar. 31)

	1930 $	1931 $
Leading Imports:		
Cattle hides & skins, raw	125,893	133,475
Beef, fresh	168,669	100,702
Butter	13,620,125	3,950,101
Sausage casings	1,326,817	1,735,832
Wool, raw	612,724	336,832
Leading Exports:		
Wheat	219,391	121,033
Wheat flour	391,840	320,769
Rubber mfrs.	3,631,284	2,114,926
Fish, canned	633,231	323,687
Socks & stockings	565,500	578,499
Wood, unmfd.	476,530	281,345
Paper, printing	1,364,452	1,214,669
Paper, wrapping	233,496	186,648
Iron pipe & tubing	295,908	192,871
Iron pipe & tubing	295,908	192,871
Wire, iron	447,724	203,308
Farm implements & machinery	307,553	230,679
Other machinery	251,424	142,668
Automobiles	5,506,791	3,427,831
Automobile parts	441,558	218,906
Electric apparatus	764,076	595,782
Total Trade With Canada		
Imports	16,282,719	6,671,252
Exports	19,160,488	12,688,475

Morrison Mines Awaiting Improved Silver Prices

Annual report of Morrison Mines, owning a silver property in the Gowganda area, Ontario, says that owing to the unfavorable price of silver there was no activity during 1931 and in the interests of economy the annual meeting is being dispensed with.

The financial statement showed current assets of $350, while current liabilities totalled $17,382, made up of bank advances and unpaid salaries.

The cost of keeping the property protected in 1931 was $1,115 which cost included a watchman, insurance, interest and taxes.

EATON'S "Fore" GOLF WEAR

CAPS

Just arrived! The ideal golfing cap. It is called the "Forecool" and is made from either linen, flannel or crash with a gauze insert just above the rubber peak. This solves the ventilation problem very neatly. Priced at $1.50 and $2.00 each.

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SHIRTS

HOSE

SHOES

BELTS

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SHOES Second Floor

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Capital, $12,000,000. Reserve, $24,000,000. Total Assets over $265,000,000

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Much of this money is loaned out to aid worthy industrial and commercial enterprises in the various communities in which the Bank is represented and to promote the prosperity of Canada as a whole.

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GOLF SHOES that are Convertible

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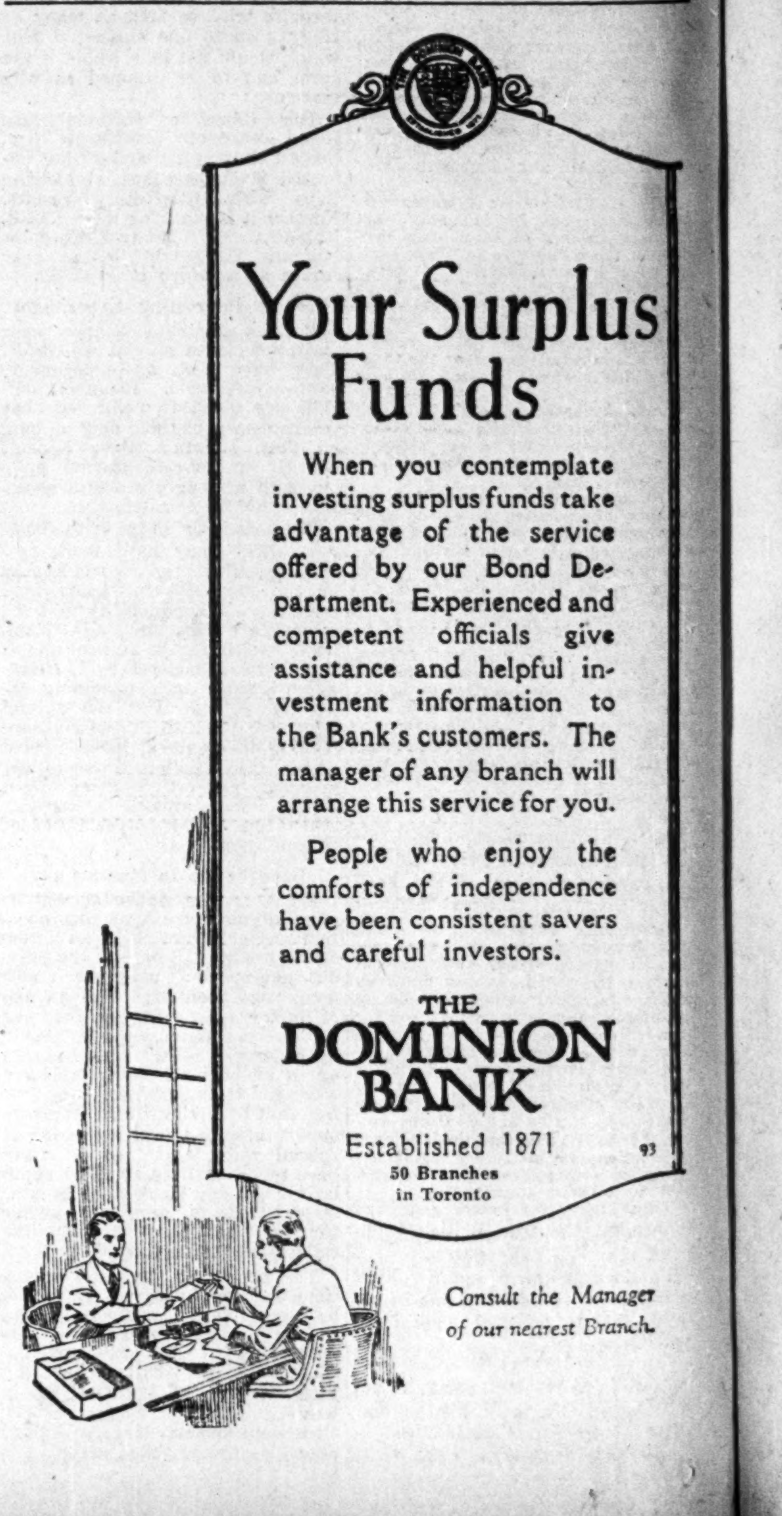

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ALBERTA VOICES STRONG PROTEST TO McRAE PLAN

Claim Radium Resources Should Be Kept Free of Government

As a repercussion from Senator A. D. McRae's proposal to nationalize the radium resources of Great Bear Lake, strong protests have appeared in the press throughout the Dominion. A scathing denunciation of the proposal came from J. J. Bowlen, M.L.A., in Calgary last week, and the Edmonton Chamber of Commerce passed a resolution opposing the proposal.

The comments of Mr. Bowlen are as follows:

"Alberta has been particularly fortunate, in years past with respect to finances. It seems that every time a depression hits this part of the world, something comes along to take us out. In years past good crops have played an important part in this regard. When everybody seemed discouraged oil was discovered and prosperity again returned. Now Alberta people, especially those who are in a position to obtain first hand information, believe that mining activities in the far north may easily surpass anything of that nature which has been experienced in recent years.

Would Kill Incentive

"Consequently, with this picture in the minds of a great many of our citizens, the statements issued by General McRae with regard to fixing price of radium is bound to kill the incentive, to the prospector, whose efforts are so necessary in every mining development. In the case of Great Bear Lake development, where the prospector is required to endure the hardships of the north, spend large sums of money, and risk his life in efforts to bring to light our national mineral wealth, his reward should be left to the law of supply and demand of the mineral he finds and not to the fixing of prices by governments.

"I am told by a very reliable informant that General McRae is interested in many large corporations, among which is the Dominion Exploration Company, and in view of his interests in the latter company there are a few points which should be considered in digesting his speech in the Senate chamber at Ottawa. General McRae, I am informed by good authority, is one of the mainstays of the Dominion Exploration Company together with Colonel McAlpine and General Hogarth. This company was one of the pioneers in the Great Bear Lake district, having spent nearly four years exploring and prospecting in the north.

"Is it not a fact that the Dominion Exploration Company had a party, including highly paid technical officials, actively engaged in prospecting at Echo and Hunter Bays on the shores of Great Bear Lake at the time the Labine brothers staked their pitchblende claim, virtually under the very noses of General McRae's group?

"If this information, which I have obtained from a very reliable source, is correct, would it be possible that General McRae's speech reflects the disappointed feeling of the Dominion Exploration Company because an independent prospector, exercising good judgment in locating, picked off such valuable pitchblende claims as are now receiving the attention of the government?

Would Discourage Prospecting

"Surely General McRae does not dispute the statements of the many technical men who have been on the ground themselves and have reported many valuable finds of high grade ores. And as we are led to believe in their existence in paying quantities over a large area of the Great Bear Lake district, surely it could not be the intention of General McRae to discourage prospecting and exploration. Yet I am sorry to say that unless his request for the fixing of a price on pitchblende by the government is refused, the effect will be discouraging to those who have pinned their hopes of a come-back on this country.

"Price fixing has been a detriment to the many industries throughout Canada, and we in Western Canada particularly had a sad experience in this respect in the year 1929.

"If Canada's natural resources are going to be developed, such development will not be given any impetus by drastic interference of governments—either Dominion or provincial."

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Perfect Circle Co. Hagerstown, Ind., has leased manufacturing space at 205 Richmond St., Toronto, to manufacture piston rings in Canada, according to the Toronto Industrial Commission. Operation is expected to commence within 60 days with an initial production of 100,000 finished rings a month. Robert M. Thomas will be in charge of manufacturing operations as plant manager.

Crystal Products Co. of Canada is the name of a new Canadian subsidiary of Crystal Chemical Co. of New York, which has been organized to manufacture in Canada at Montreal, the company's line of "Outdoor Girl" products.

American Super-Seal Co. manufacturers of automobile accessories with headquarters at Chicago has taken out a Canadian charter and will commence manufacture for this country in the plant of Wallace-Barnes Co., Sherman Ave., Hamilton. F. N. Buckingham is manager of the new concern which produces a type of steel and leather washer used to prevent the escape of oil and grease from motor engines.

International Cooler Corp. of Canada with head office at Toronto will commence manufacture of its products in the Westman Machinery Co. plant at Oshawa. The company manufactures electric refrigeration equipment, dairy refrigeration machinery, and air conditioning equipment. Production of milk coolers will commence at once at the Oshawa plant with John T. Gowan as production manager. S. N. Dancey and Charles Howard are vice-president and managing director respectively of the company.

International Hydro Shareholders Increase

From Our Own Correspondent

MONTREAL.—A wider distribution of the class "A" stock of International Hydro-Electric System is reported with payment of the 12th quarterly dividend. There are now 9,535 shareholders, a new high record, and an increase of 7 per cent over the number of shareholders at January 15. The average number of shares of the class "A" stock of the system now held is 90 shares per shareholder, compared with 109 shares a year ago, and 138 shares per shareholder two years ago.

Aird vs. Beatty on Radio Control

Digest of Radio Commission's Recommendations and Summary of Alternative Plan Offered by President of Canadian Pacific Railway

The special Radio Committee of the House of Commons listened to a host of briefs and discussions on the future of radio in Canada. One analyst discovered that no less than seven different plans for the control and operation of radio in Canada were presented to the committee. Two of these stand out, the Aird plan and the Beatty plan.

The Aird plan embraces the recommendations of the Canadian Radio Commission that reported in 1929. Sir John Aird, president of the Canadian Bank of Commerce, was chairman of this commission. It calls for monopoly of radio operation in Canada under public ownership.

The Beatty plan was contained in a statement presented to the House committee by E. W. Beatty, chairman and president of the Canadian Pacific Railway Company. It calls for monopoly of radio broadcasting in Canada under one privately owned company with quasi-government control.

Because the discussion on radio largely centres around these two plans, The Financial Post presents a summary of each.

Public Ownership

AIRD PLAN

1. That broadcasting should be placed on a basis of public service and that the stations providing a service of this kind should be owned and operated by one national company; that provincial authorities should have full control over the programmes of the station or stations in their respective areas.

2. That the company should be known as the Canadian Radio Broadcasting Company; that it should be vested with all the powers of private enterprise and that its status and duties should correspond to those of a public utility.

3. That a Provincial Radio Broadcasting Director should be appointed for each province to have full control of the programmes broadcast by the station or stations located within the boundaries of the province for which he is responsible.

4. That a Provincial Advisory Council on radio broadcasting should be appointed for each province, to act in an advisory capacity through the provincial authority.

5. That the board of the company should be composed of twelve members, three more particularly representing the Dominion and one representing each of the provinces.

6. That high-power stations should be erected across Canada to give good reception over the entire settled area of the country during daylight; that the nucleus of the system should possibly be seven 50,000-watt stations; that supplementary stations of lower power should be erected in local areas, not effectively covered by the main stations, if found necessary and as experience indicates.

7. That pending the inauguration and completion of the proposed system, a provisional service should be provided through certain of the existing stations which should be continued in operation by the Canadian Radio Broadcasting Company; that the stations chosen for this provisional service should be those which will give the maximum coverage without duplication; that all remaining stations not so needed should be closed down.

8. That compensation should be allowed owners of existing stations for apparatus in use as may be decided by the Minister of Marine and Fisheries; that such apparatus should become the property of the Canadian Radio Broadcasting Company; that the more modern and efficient of these sets of apparatus should be help available for re-erection in local areas not effectively served by the high-power stations; that the cost of compensation should be met out of an appropriation made by Parliament.

9. That expenditure necessary for the operation and maintenance of the proposed broadcasting service should be met out of revenue produced by license fees, rental of time on stations for programmes employing indirect advertising, and a subsidy from the Dominion Government.

10. That all facilities should be made to permit of chain broadcasting by all the stations or in groups; that while the primary purpose should be to produce programmes of high standard from Canadian sources, programmes of similar order should also be sought from other sources.

11. That time should be made available for firms or others desiring to put on programmes employing indirect advertising; that no direct advertising should be allowed; that specified time should be made available for educational work; that where religious broadcasting is allowed, there should be regulations prohibiting statements of a controversial nature or one religion making an attack upon the leaders or doctrine of another; that the broadcasting of political matters should be carefully restricted under arrangements mutually agreed upon by all political parties concerned; that competent and cultured announcers only should be employed.

12. That consideration should be given to the question of introducing legislation which would compel users of electrical apparatus causing interference with broadcast reception to suppress or eliminate the same at their own expense.

13. That the licensing of stations and such other matters prescribed in the Radiotelegraph Act and Regulations issued thereunder for the control of radio stations in general should remain within the jurisdiction of the Minister of Marine and Fisheries; that that authority should continue to be responsible for the collection of license fees and the suppression of inductive interference causing difficulties with radio reception.

Private Ownership

BEATTY PLAN

1. The establishment of a radio commission, appointed by the Federal Government, of thoroughly well-qualified men who would be paid adequate compensation who would exercise a general control of radio operations in Canada, much as outlined in the briefs filed by the Canadian Manufacturers' Association and others. This commission would, naturally, have a regulatory power in respect of many controversial matters, such as the extent of advertising, direct and indirect hours during which it could be used, the time allotted to educational broadcasts, with power to review and correct any programme deficiencies which might arise from time to time.

2. A corporation should be created known as the Canadian Broadcasting Company in which the railway companies of Canada and other important radio interests would participate through stock ownership, which would acquire by the issuance of stock the existing stations in Canada; and where the owners of these stations did not desire to become stockholders, their property and equipment should be taken over by the Canadian Broadcasting Company on terms to be agreed upon, or in default of agreement, on terms to be fixed by the radio commission.

3. The Broadcasting Company would own and operate these stations, establish others to secure ample coverage, and provide a sufficient number of sustaining programmes of good quality to enable them to broadcast a minimum of ten hours per day.

4. It should encourage Canadian musical talent in regard both to performance and original composition.

5. It should co-operate through regional committees or directors with the provincial authorities in providing suitable educational programmes.

6. It should exercise control of commercial programmes with the object of obtaining a high standard of talent and performance with reasonable time limits.

7. It should co-operate with the transmission companies in establishing adequate networks connecting stations suitable to the practical requirements of Canadian broadcasting.

8. It should provide facilities if desired for suitable programmes originating in other countries to be delivered to key stations from the United States by the Bell Telephone Company or from Europe by the Marconi system.

9. It should encourage and develop technical improvements in radio broadcasting, including television.

10. The directorate of the company should be assisted by an advisory committee consisting of representatives from the Canadian radio manufacturers, Canadian Advertising Association, Canadian musicians, Engineering Institute of Canada, Canadian universities, Canadian women's organizations and labor and by regional advisory committees for each province.

11. A proportion of the license fee should be paid to the company to cover deficiency in revenue (estimated at $1,000,000 per annum) until such time as the company is on a self-sustaining basis, but no tax to be levied on the general public.

Ministers are Criticized For Owning Company Stocks

British and Canadian Precedents Suggest Advisability of Dropping Directorates — Opinion Differs With Regard to Security Ownership

Cabinet ministers, members of Parliament and electors have had before them recently a surprising number of interesting cases which turn on a question of ethics as to just how far a Cabinet minister or member or Government official can consistently with his oath of office be a director of or hold a large or any interest in concerns which may deal with Government departments. One Federal member recently resigned his seat because a company in which he had an interest had been selling goods to a Government department.

The Manitoba Legislature had a full dress debate because Hon. W. R. Clubb, Minister of Public Works, stated in the Legislature on April 14 that he had purchased a small quantity of stock in Western Steel Products, a company doing work under contract with the Government.

Lieut.-Col. F. G. Taylor, K.C., Conservative leader, said that, while Hon. Mr. Clubb's action was legal, from the standpoint of political ethics it was inadvisable. Lt.-Col. Taylor did not think that a Minister of the Crown had a moral right to be a shareholder in any company that was contracting with the Government.

J. T. Haig, K.C., Conservative, also criticized the letting of contracts for culverts, alleging that the chief purchasing agent for the government, H. H. Hurd, holds stock in Western Steel Products Co. which had been given a large proportion of the work.

Defends Purchases

In rebuttal, Hon. Mr. Clubb took the stand that it did not matter what stock a government official bought so long as he performed his public duties faithfully and efficiently. In his own case, the Minister did not believe he had done anything wrong in acquiring the stock he bought about two years ago. He was only concerned with getting the work done at the lowest possible cost, and in view of the rates arrangement which existed, as shown by the similarity in prices when tenders for culverts were called, he thought he had done the fairest thing by issuing instructions to the purchasing agent that the purchases were to be based on the size of the industrial plant.

Lieut. Col. Taylor's view in this matter was that Mr. Clubb should have sold the stock as soon as his department was in a position that it might do business with the company.

British Resign Directorates

It is interesting to note in this comparison the British precedents as Canadian governmental institutions and practices follow quite closely as a rule on those in Great Britain. Most recent examples do not refer to stocks at all. In the fourteenth page of the annual statement of the Hudson's Bay Company, a good deal of attention is given to the changes of directors during the year. The deputy governor, Sir Frederick Richmond, Bart., resigned in December, 1931, owing to the claims on his time in other directions. Sir George May, Bart., who joined the board in July, 1931, was elected to fill the post. Recently he was requested by His Majesty's Government to accept the chairmanship of the import duties advisory committee, and in view of the very important national interests involved he felt compelled to take on this duty, which "involved his resignation from the board." The board thereupon appointed Sir Alexander Robertson Murray, C.B.E., as deputy governor.

The Right Honorable Sir Edward Hilton Young, C.B.E., "having accepted the office of Minister of Health in the National Government," resigned from the board. They appointed Sir Evelyn Ashley Wallers, K.B., to fill the vacancy.

Premier Bennett Resigned

It is recalled that Premier Bennett when coming to office felt that one of his first concerns should be to reduce his outside financial commitments. He was a heavy stockholder in the E. B. Eddy Co. and he was understood to have entirely disposed of his interest in that company. International Match Co., now in difficulties because of operations of I. Kreuger, was supposed to be the purchaser. Mr. Bennett gave up all directorates. It is noted that provincial premiers and retired Federal premiers have accepted positions on directorates as soon as they had cut their governmental connections, but previously such connections were at a minimum and with companies as a rule that could not be expected to have dealings with the Federal Government.

Most Cabinet Ministers in Canada have considered it quite within their rights to be shareholders of various companies as part of their investment programme but not to be directors. Senators and members of Parliament appear quite frequently on directorates but cabinet ministers not so often.

Spring Trade Brisk Say Hardware Men

Slow, but steady development, is reported in spring sales of hardware commodities by the retail trade. Housecleaning needs are probably among the most active sellers, but there has been a good demand lately for garden tools, screen goods, poultry needs, etc. In some districts, cold weather and snow have had a retarding influence on sales development during the last week, states Hardware and Metal, Toronto. This slowing will likely be of short duration, however, and hardwaremen are looking for brisk sales during May.

In the wholesale end of the hardware trade, orders are said to be quite numerous, but for small individual quantities of merchandise, keeping total sales volume of jobbers well below normal spring figures. As soon as retail sales become more brisk, a good number of repeat orders are anticipated.

A few adjustments in prices are still being put through to allow for the higher rate of sales tax. Mops and mop cloths are reduced in price, and a lower price is named on one make of poultry house glass in rolls. Screen door braces are also reduced by some jobbers. Gasoline is higher by one cent a gallon, on account of increased prices for crude oil.

Beatty Bros. Passes Dividend on Class A

Dividend on the class A shares of Beatty Bros. Ltd. due May 1 has been passed, due to reductions in sales and uncertainty in business conditions. Class A shares were created in June, 1931, when the old common stock was split into class A and class B shares and dividends were passed on the class B shares in order to conserve assets of the company. Dividends on the old common stock were paid at the rate of $1 per year and the initial dividend on the class A shares paid August 1, 1931, was 50 cents with subsequent quarterly payments at the rate of 25 cents.

In the year ended August 31, 1931, the company failed to earn anything on the common stocks and earned $4.14 per share on the 7 per cent second preferred stock of $100 par value.

FREIMAN SURPLUS INCREASED $44,358

Annual Report Does Not Include Statement of Earnings

A. J. Freiman, Ltd., had a surplus of $1,037,560 at Jan. 31, 1932, an increase of $44,358 for the year; maintained ratio of current assets to current liabilities at 2.33 to 1, and redeemed its preferred stock to the amount of $17,400, according to the annual statement just issued. For the second successive year the company has failed to render an income and surplus account which would indicate earnings on the preference stock of which there is now $937,100 outstanding. Preferred dividends have been paid regularly.

Current assets total $2,148,719 as compared with $2,101,833 the previous year; the current liabilities at $925,431 increased from $905,953. Included in current assets are cash at $48,459; accounts receivable, less reserves, at $1,092,593; inventories at $893,146 and cash surrender value of life insurance of $114,521. Cash and accounts receivable are somewhat higher than in January, 1931, while inventories have been reduced by some $40,000. The cash surrender value of life insurance has doubled. Included in current liabilities are bank loans of $743,000 as compared with $714,000 the previous year. Accounts payable are down to $129,163 from $144,544. Taxes are shown at $34,120; accrued charges at $17,148, and deferred credit of $2,000.

Little change is shown in fixed assets which includes lands and buildings at Ottawa and Pembroke carried at $1,639,376, and furniture and fixtures at $148,758. No provision is shown for depreciation. Deferred charges to operations have been reduced to $36,092, from $67,369. Mortgages on real estate have been reduced to $547,000 from $564,250 and special reserve for redemption of preferred stock has increased to $53,698 from $42,525. In addition to the 9,371 shares of $100 par value 6 per cent preferred stock outstanding there remains 85,000 shares of no par value common stock carried at $475,700.

The company operates department stores in Ottawa and Pembroke, Ont.

Export Bonus Schemes Planned By Government

Bonuses on exports of livestock and on meat and dairy products are being considered by the Dominion Government, according to dispatches. A bill authorizing such a bonus on livestock may be introduced this week.

It is reported that federal and provincial authorities are in favor of such a plan for livestock exports which would provide for the creation of a fund, by taxing the domestic industry, out of which losses incurred in the export trade would be paid.

Suggestion of a bonus for meat and dairy products is due to the desire to encourage mixed farming in Canada. Premier Bennett recently stated that the Government had the matter under consideration, but it is felt that the possible effect of such a scheme on the pending Imperial Conference may preclude the possibility of its introduction at the present session of the House.

Exports of cheese, eggs, beef and bacon would be marketed under the supervision of a board, under this plan, which would have authority to pay bonuses and would ensure a steady supply of such Canadian products for the British market.

Hope British Market to Absorb B.C. Apples

From Our Own Correspondent

VANCOUVER. — Because of the British preferential tariff and the advantage enjoyed over the United States competition by reason of depreciated currency, British Columbia apple growers expect to be able to market their entire exportable surplus in the British Isles this year.

An apple crop of 6,000 carloads, or 4,500,000 boxes, is in prospect in the Okanagan district alone. This should allow about 2,500 carloads for export.

Loganberry growers expect to be similarly benefitted. Their advantage over the United States is expected to work out at about 30 cents a case.

Agricultural interests hope that the present advantage will be made permanent through measures taken at the Ottawa conference this summer.

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MONTREAL TRAMWAYS COMPANY

TWENTY-FIRST ANNUAL REPORT—For the year ended December 31st, 1931

To the Shareholders:—

Your Directors beg to submit their Annual Report for the year 1931 of the operations of the Company under the provisions of the Contract with the City of Montreal, and of the distribution of the Earnings.

Operations under the Contract show the following results for the year:

Revenue:		
Car Earnings	$12,761,221.05	
Autobus Earnings	1,448,117.82	
*Miscellaneous Earnings	365,579.91	
Gross Revenue		$14,574,918.78
Expenses:		
Operation and Taxes	$ 7,420,081.61	
Maintenance and Renewals	1,734,970.46	
Autobus	1,398,717.57	
Operating Profit (to the Company)	67,963.35	
Total Operation Expenses		$10,621,732.99
Net Earnings		$ 3,953,185.79

Distribution of Net Earnings:

To the Company:			
For Return upon Capital Value: 6% on $36,286,295.00		$ 2,177,177.70	
Interest on additional Capital Expenditures, since basic appraisal under the contract		968,700.49	
Interest on Working Capital		3,861.62	
Interest on Autobus Investment		114,096.13	
Total		$ 3,263,835.94	
Expense of financing—(½ of 1%) of the sum of $36,286,295.00 is allowed annually to the Company to cover the expense incurred in procuring additional capital. This amount is carried direct to "Reserve for Financing"		181,431.47	
To the City of Montreal for Annual Rental		500,000.00	
Surplus		7,918.38	
			$ 3,953,185.79
Surplus divisible as follows:			
City, 30%	$2,375.51		
Company, 20%	1,583.68		
Tolls Reduction Fund, 50%	3,959.19		
	$7,918.38		

*Includes $73,958.83 transferred from Unredeemed Ticket Account.

Revenue Accruing to the Company

The Gross Revenue for the year accruing to the Company from the Operations under the Contract, together with the Miscellaneous Revenue, from other sources, has been distributed as follows:

Revenue:		
Allowances from Contract:		
Return upon Capital Value	$ 3,263,835.94	
Operating Profit	67,963.35	
20% of Divisible Surplus	1,583.68	
	$ 3,333,382.97	
Other Revenue (Outside of Contract)		131,172.85
Total Revenue		$ 3,464,555.82
Expenditures:		
Interest on Bonds and Loans	$ 2,451,841.56	
Exchange on United States Funds	196,698.06	
Other Expenses	10,367.47	
Total Expenses		$ 2,658,907.09
Net Income		$ 805,648.73
Less Dividends at the rate of 10% per annum		700,000.00
Surplus for the year		$ 105,648.73
Add surplus at December 31st, 1930		2,525,079.32
General Surplus		$ 2,630,728.05

	Tramways	Autobus	Total
Revenue Passengers, 1931	211,458,523	20,682,580	232,141,103
Revenue Passengers, 1930	227,136,581	18,050,923	245,187,504
	*15,678,058	**2,631,657	*13,046,401
	6.90%	14.58%	5.32%
Mileage, 1931	27,759,325	5,565,794	33,325,119
Mileage, 1930	29,305,545	4,559,274	33,864,819
	*1,546,220	**1,006,520	*539,700
	5.28%	22.08%	1.59%

*Decrease. **Increase.

Financial

An examination of the Financial Statement shows that the net income for the year amounted to $805,648.73, a decrease of $184,195.45 over 1930. After payment of dividend the surplus for the year amounted to $105,648.73 as compared with $289,844.18 in 1930.

All expenditures during the year were closely supervised and the strictest economy was practised in all departments without decreasing the efficiency of the service.

Owing to the fact that interest on the Company's Bonds is payable in either Canadian or United States Funds at the option of the holder, an unforeseen expense was occasioned in 1931 by exchange on New York Funds. This sum aggregated $196,698.06.

It is not necessary to enlarge upon the general economic conditions which prevailed during the year. In view of the circumstances your Directors feel that the results obtained by the Company should be considered satisfactory.

The Company expended during the year on new construction $983,629.08, and has written off $43,557.57 from Capital Account for the value of property discarded, making a net addition to Capital Value of $940,071.51.

The Company's share of the City of Montreal Snow Removal cost for the year amounted to $263,534.03; while the total snow expense for the whole system amounted to $427,018.19.

The Company has paid to the City of Montreal during the year for Snow Removal as above, for ordinary taxes, permits, etc., and on account of City Rental, the sum of $1,180,226.97.

For the information of the Shareholders a statement containing the results of the operations under the Contract since its inception appears on pages 12 and 13.

Transportation Service to the South Shore

In May, 1931, your Company, at the request of the citizens of Longueuil and Montreal South and with the consent of the City of Montreal and the Montreal Tramways Commission, agreed to operate a bus service for a trial period of nine months, between the City of Longueuil, the Town of Montreal South and the City of Montreal, over the new Harbour Bridge. This trial service ended on the 31st December last, but was extended for a further period of four months, in order to allow the interested parties time to reach an understanding as to terms and conditions of a new contract for a definite period of years.

The Company, with the approval of the City of Montreal and the Montreal Tramways Commission, made application to the Quebec Legislature for an Act to amend its Charter granting it the right to extend its transportation system to the City of Longueuil and the Town of Montreal South. This right has been granted by the Legislature.

The terms of the Contract between the Company and these two Municipalities are still under negotiation.

The terms of an Agreement to be made with the Montreal Harbour Commissioners for the operation of this service over the Harbour Bridge are still under discussion.

TUNNEL UNDER CANAL

The construction of a tunnel under the Canal at Wellington Street, referred to in our last Annual Report, is still proceeding. It is expected that this work will be completed before the end of 1932.

Track Work

During the year 7.75 miles of single track were added to the Company's system and 8.95 miles of single track renewed and reconstructed, making a total for new construction and renewals of 16.70 miles of single track.

New track extensions were made:

On Delorimier, from DesCarrieres to Belanger; on Girouard, from St. James to Sherbrooke; on Grand Boulevard, from Monkland to Somerled, and on Somerled Avenue, from Grand Boulevard to Walkley Avenue; on Jean Talon, from St. Lawrence to Querbes; on Park Avenue, from Atlantic to Jean Talon; on Hochelaga at St. Jean de Dieu (second track); on Querbes, from Ogilvy to Blair.

Main track renewals were:

On Dorchester, from Windsor to Beaver Hall Hill; on Girouard, from Terrebonne to Cote St. Luc; on Iberville, from Rachel to Mount Royal; on Jean Talon, from St. Lawrence to St. Denis Street; on Park Avenue, from Pine Avenue to Mount Royal; on St. Denis, from DeFleurimont to Jean Talon; on 5th Avenue, Lachine; on Hochelaga, at St. Jean de Dieu; on Iberville, from the subway to Masson Street; on Querbes, from Jean Talon to Ball; on St. Catherine at C.P.R. Viaduct.

A number of track intersections were renewed throughout the City, while new intersections were put in on Park Avenue, Jean Talon and Ogilvy, for a loop at the new C.P.R. Park Avenue Station, also on Sherbrooke and Girouard and St. James and Girouard to use new subway on Girouard Avenue, and at Belanger and Delorimier, and Rosemount and Delorimier, to use new subway on Delorimier Avenue.

New curves were put in on Dorchester Street at Metcalfe and Beaver Hall Hill to connect the track in its new position on Dorchester Street as widened.

Owing to the completion of grade separations crossing C.P.R. tracks at Park Avenue and Jean Talon Street, the Company made substantial Capital Account investments for track construction in the vicinity of the new C.P.R. Station on Park Avenue.

Double tracks were laid on Jean Talon between St. Lawrence and Querbes Avenue, and also between Ogilvy and Blair Avenues on Querbes. A single track loop on Hutchison, Ogilvy and Querbes Avenue provides terminal facilities for the Station service. The double track lines on Park Avenue have also been extended northwards from Atlantic to Jean Talon over a new right-of-way opened by the City.

Girouard Avenue Subway

During the year a subway under the tracks of the C.P.R. at Girouard Avenue was completed, and the Company paid to the City of Montreal the sum of $50,000 which it had agreed, with the consent of the Montreal Tramways Commission, to contribute as its share of the total cost thereof, it being understood that this contribution is to be treated as Capital Value under the terms of our Contract with the City.

Double tracks were laid under this subway and extended to connect with St. James and Sherbrooke Streets.

Autobus Service

The autobus service which was inaugurated in 1925 as a feeder to the Tramways system has expanded so rapidly that it now operates in many sections of the City and in some outside areas. Its progress can best be appreciated by the following figures:

Year	Number of Buses in Service	Bus Miles Operated	Revenue Passengers Carried	Year	Number of Buses in Service	Bus Miles Operated	Revenue Passengers Carried
1925	28	287,694	1,026,630	1929	101	4,163,085	16,424,948
1926	57	1,543,632	5,370,475	1930	121	4,559,274	18,050,923
1927	76	2,868,886	10,728,326	1931	155	5,565,794	20,682,580
1928	92	3,716,843	14,150,625				

In 1931 the number of passengers carried at special bus rates was 7,962,574, while during the same period the passengers carried at tramways rates were 12,720,006.

New routes were inaugurated during the year as follows:

Lafleur Avenue—From New Avenue to St. Pierre aux Liens, started January 3rd.
Longueuil Service—From Ontario Street to Chambly Road, started May 8th.
St. Helen's Island—From Ontario Street to the Island, operated from June 21st to October 13th.
Glen Service—St. Henry: extended from St. James to Notre Dame Street at Cote St. Paul, started January 28th.
Cote des Neiges—Town of Mount Royal—Separate bus service combined, November 1st; Queen Mary Road to C.P.R. Station.
Beaubien—From Park Avenue to Papineau, started December 7th.
St. Lawrence Boulevard—Jean Talon to Gouin, started May 8th.
Maisonneuve Park—Temporary Summer service from Eastern terminus of Sherbrooke bus line to Maisonneuve Golf Links.
Pie IX: Experimental—Started May 8th, discontinued December 6th.
Park Avenue Extension—Discontinued December 20th.
Longueuil Bus Service—Diverted from St. Laurent Street to Guillaume Street, October 26th.
St. Joseph Boulevard—Turning loops added at each end of route, December 22nd.
Sherbrooke Street—(a) Burnside and Demontigny loops discontinued and east end of circuit extended from Wurtele to Moreau Streets, July 16th; (b) Route changed from Laval to De Bullion, October 21st.

Power

During the month of January, 1931, the new Queen Mary Road Substation referred to in the last Annual Report was cut into service and is now in daily operation. Substantial operating economies have been effected through this installation.

At the St. Denis Substation the electrical layout has been entirely rearranged and switching equipment modernized. Similar work has been carried out and completed at the St. Henry Substation.

General

All of the Company's buildings and equipment were maintained at their usual high standard.

During the year the boiler plant at the Youville Shops was entirely remodelled and two 200 H.P. boilers installed with oil burning equipment, which it is anticipated will effect large savings in both fuel and labour expenses.

Mutual Benefit Association

It may not be out of place to refer briefly to some of the activities of the Montreal Tramways Mutual Benefit Association, organized in 1903, and which comprises as members all the permanent employees of the Company, numbering over 4,500. At the end of December there were 118 employees receiving Old Age Pensions at the rate of $60.00 per month, and 60 employees receiving Permanent Disability Pensions of $45.00 per month. In addition there was paid out during the year in benefits, directly to members or to their beneficiaries, the following amounts:

Insurance at Death	$49,000.00
Sickness and Injury (off duty) benefits	35,955.44
Medicine	2,479.58
Medical Attendance	14,400.00

The Association has a Medical Department comprising seven physicians under the supervision of a Chief Medical Officer. Offices for each physician, fully equipped for first aid treatment, examinations, consultations, etc., are located at all of the important divisions of the system. It is also the duty of the physicians to attend members at their homes when required.

All active members and the Company jointly contribute to the maintenance of the Association.

We are pleased to again record the satisfactory relations existing between the City of Montreal, the Montreal Tramways Commission and the Management of the Company.

Submittd on behalf of the Board of Directors.

JULIAN C. SMITH
President.

GENERAL BALANCE SHEET FOR YEAR ENDED DECEMBER 31st, 1931

ASSETS

Fixed Assets:—		
Cost of Road and Equipment	$41,109,399.76	
Track Construction	4,599,691.33	
Electric Construction	2,082,963.65	
General Construction	125,386.52	
Real Estate and Buildings	3,777,375.00	
Rolling Stock	5,778,203.14	
Power Plants	1,761,417.71	
Tools and Machinery	103,166.17	
Miscellaneous Equipment	445,857.79	
Office Furniture	31,994.94	
Total Fixed Assets		$59,815,456.01
Investments (including Securities of Subsidiary and Associated Companies at cost)		1,113,169.29
Current Assets:—		
Cash in Bank and on hand	$ 587,748.33	
Call Loans	1,312,500.00	
Sinking Fund (Cash)	921.65	
Accounts Receivable	76,784.98	
Stores	499,288.06	
Investments at Cost—		
For account of Guarantee Fund	500,000.00	
For account of Maintenance and Renewals and Other Funds (Market Value at Quoted Prices $2,556,731.25)	2,354,315.50	
Total Current Assets		5,331,558.52
		$66,260,183.82

LIABILITIES

Capital Liabilities:—			
Capital Stock (Common)			$ 7,000,000.00
First and Refunding Mortgage 5% Gold Bonds, due 1941:			
Authorized	$25,000,000		
Issued and Outstanding		21,351,000.00	
General and Refunding Mortgage Sinking Fund Gold Bonds, due 1955: (Authorized $100,000,000.00)			
Series "A", 5%	17,826,500		
Series "B", 5%	2,600,000		
Series "C", 4½%	2,500,000		
Series "D", 5%	5,000,000		
	$27,926,500		
Less: Bonds redeemed by Sinking Fund	280,200	27,646,300.00	48,997,300.00
Total Capital Liabilities			$55,997,300.00
Current Liabilities:—			
Loans		$ 150,000.00	
Accounts and Wages Payable		464,681.44	
Accrued Interest (Payable in U. S. Funds)		342,867.39	
Employees' Deposits		29,687.54	
Unclaimed Dividends		1,956.57	
Suspense Account		481,373.41	
Dividend payable January 15th, 1932		175,000.00	
City Rental, quarter ended December 31st, 1931		125,000.00	
Total Current Liabilities			1,770,566.35
Reserves:—			
Reserve Account		$ 2,250,000.00	
Reserve for Financing		397,578.74	
Reserve for Unused Tickets		500,000.00	
Maintenance and Renewals Reserve		860,161.74	
Depreciation Reserve, Autobus		874,928.30	
Contingent Reserve Account		500,000.00	
Tolls Reduction Fund Reserve		478,920.64	
Total Reserves			5,861,589.42
Surplus:—			
As at December 31st, 1930	$2,525,079.32		
For the year ended December 31st, 1931	105,648.73		2,630,728.05
			$66,260,183.82

Verified in accordance with our Report of this date. SHARP, MILNE & CO., C.A., Auditors.
Montreal, 24th February, 1932.

Approved on behalf of the Directors:
HOWARD MURRAY, BEAUDRY LEMAN, } Directors.

Certified Correct:—
H. E. SMITH,
Comptroller.

Utilities and Transportation

SCOTIA POWER INCOME LOWER FOR PAST PERIOD

Small Deficit Reported After Common Dividends

From Our Own Correspondent

MONTREAL.—Gross earnings of Nova Scotia Light and Power Co. in 1931 were $1,895,066, compared with $1,879,522 in the previous year. Operating expenses, including all taxes, showed an increase and net earnings of $582,590 compared with $612,987 in 1930.

After provision for interest charges, depreciation and exchange premiums, there remained a net profit of $207,833 compared with $257,968. Reflecting the issuance of additional preferred stock late in 1930, preferred dividends were higher and after payment of dividends at the rate of $4 a share on the common there was a deficit for the year of $5,259. Common share earnings were $3.82 compared with $5.95 in 1930. The premium paid for exchange on American funds more than accounted for the deficit after common dividends.

Lighting Revenue Gains

The report indicates an 8 per cent improvement in revenue from sale of current and an increase of 20 per cent in use of current by Halifax residents who have doubled their consumption in the past five years, a reflection of promotional rates in effect. Gas sales also increased 12.2 per cent, but the number of passengers carried by the tramway system declined by nearly 1,000,000 and industrial power sales were lower.

Profit and Loss Figures

Following is a comparison of profit and loss figures for the past two years:

	1931 $	1930 $
Gross earnings	1,895,866	1,879,522
*Operating expenses	1,350,177	1,299,372
Net oper. income	545,689	580,150
Miscel. income	36,901	32,837
Gross income	582,590	612,987
Bond interest	214,562	183,259
	368,028	429,728
Other interest	5,219	36,760
	362,809	392,968
Exchange premium	19,976	......
	342,833	392,968
Depreciation	135,000	135,000
Net profit	207,833	257,968
Preferred dividend	75,000	46,408
	132,833	211,560
Common dividend	138,092	138,092
Surplus for year	x5,259	73,468
Previous surplus	†294,736	218,824
	289,477	292,292
Bond discount	2,537	6,552
P. & L. balance	286,940	285,740

*Including federal, provincial and local taxes.
x Deficit.
†Adjusted, to credit sundry interest and refunds.

Lacks Working Capital

The balance sheet shows a lack of working capital. Current assets at the end of the year totalled $387,310 and current liabilities were $460,650, leaving an adverse excess of $73,340. This compares with a net working capital of $150,829 at the end of 1930. The position at the end of 1931 was largely due to the appearance of $200,000 of bank loans, which will likely be liquidated by the issuance of bonds for which the company recently sought approval.

In assets, cash is down $15,000 at $74,480; investment securities are marginally lower at $42,949 and investments in and advances to subsidiary companies are up $84,000 at $1,348,280. Plant and equipment is valued at $6,966,293 an increase of $172,000.

In liabilities, a bank loan of $200,000 is shown. Accounts payable are down $39,000 at $136,834 and retirement reserve has been increased by $79,000 to $833,271. Surplus account, after adjustments for the previous year, shows an increase of $1,200 at $286,940. Auditors point out that the company is guarantor for $700,000 of subsidiaries' bank loans and $18,000 of Kingston Electric debentures.

In a clearly presented statement, J. C. MacKeen, president of the company, touches on activities in 1931. During 1931, 11,387,465 revenue passengers were carried on the tramway system at an average fare of a fraction under 6 cents each. The average fare charged was lower than in any year since the 5-cent fare was abandoned in 1920.

Lighting Output Increases

Increase in the volume of electricity sold for various classes of lighting more than offset the decrease in power sales. Total electricity generated and purchased during the year amounted to 36,761,985 kw.h. or 5 per cent more than the previous year. Of this amount, 78 per cent was purchased from the Nova Scotia Power Commission and practically all the balance from Avon River Power Co.

The volume of gas sold during the year was 157,879,200 cubic feet, an increase of 12.2 per cent over 1930. The practicability of Nova Scotia coal for gas-making has been demonstrated and in the past two years not a pound of imported coal has gone into the retorts.

Public Utility Earnings

Brazilian Traction

March—	1932 $	1931 $	Decrease $
Gross earn.	2,548,222	3,102,183	553,961
Oper. exp.	1,128,632	1,262,404	133,772
Net earn.	1,419,590	1,839,779	420,189
Aggre. gross from Jan. 1	7,370,524	9,606,513	2,235,989
Aggre. net from Jan. 1	4,110,423	5,684,347	1,573,924

Jamaica Public Service

March—	1932 $	1931 $
Gross earn.	68,574	71,416
Net earnings	26,535	27,053
Surplus after chgs.	17,209	17,652
12 Mos. End. Mar. 31:		
Gross earn.	814,050	847,537
Net earnings	326,748	354,855
Surplus after chgs.	218,091	248,927

Twin City Rapid Transit

First Quarter:	1932 $	1931 $	% Inc. or Dec.
Gross rev.	2,723,931	2,982,243	—08.66
Oper. exps.	2,013,823	2,249,402	—10.47
Net revenue	710,108	732,840	—03.10
Fixed chgs. and taxes	500,589	511,523	—02.14
Net income	209,518	221,316	—05.33

Winnipeg Electric

March:	1932 $	1931 $	Incr. $
Gross earn.	514,102	511,138	2,964
Expenses	348,477	357,237	*8,760
Net earn.	165,625	153,901	11,724
3 Months:	1932 $	1931 $	Incr. $
Gross earn.	1,537,460	1,564,828	*27,368
Expenses	1,034,463	1,063,515	*29,052
Net earn.	502,997	501,313	1,684

*Decrease.

'TRAM' RECEIPTS IN FIRST QUARTER SHOWED DECLINE

Gross Drops 6.58 Per Cent in Three Months

From Our Own Correspondent

MONTREAL.—Gross receipts of Montreal Tramways Co. in the first quarter of 1932 showed a decline of 6.58 per cent compared with the same period a year ago. The decrease, however, has remained fairly steady for the past six months and Julian C. Smith, president of the company, told shareholders at the annual meeting that there was reason to hope that the bottom of the decline had been reached.

Reference was made to the satisfactory showing reported by the tramway company last year. Gross receipts, under the contract, showed a drop of 5.06 per cent. The average shrinkage in 39 of the largest cities on the continent, however, was 11.13 per cent and in some cities it ran as high as 21.30 per cent.

Mr. Smith analyzed the expenses of the company which he divided into (a) direct operating expenses; (b) maintenance of equipment; (c) taxes, municipal, federal and provincial; (d) interest on capital invested. He continued in part:

Wage Scale Maintained

"As regards (a) 68.11 per cent represent wages paid to labor employed. The company has maintained its wage scale for employees which was fixed by contract expiring July 1, 1933. In order, however, to keep as many men employed as possible, shorter hours have been adopted in the shops and in repair and maintenance crews. In addition, the available work has been spread out as far as conditions permit to place as little burden on the employees as possible. More efficient use of men and materials has been studied and every effort has been made to purchase materials as economically as possible.

"The company paid, in provincial and federal taxes, last year, a total of $144,706.33 which is an increase of $28,036.55 over the previous year. In addition, they paid to the City of Montreal, including $500,000 annual rental. $1,043,611.77, which represents 7.2 per cent of the gross income under the contract. In addition to this, the company paid, for removing snow and ice from the streets, $427,018.19 and, for paving, $150,214. These two items represent a further 4 per cent of the gross income of the company, so that a grand total of 11.2 per cent was paid toward governmental and municipal revenues.

"Since the contract with the City of Montreal was signed in 1918, your company's net increase in capital expenditure has been $18,706,056.25. The total capital investment of your company is now $55,997,300, on which the company had a return last year of 5.82 per cent."

Avon River Power Gains Board's Approval for Rates

From Our Own Correspondent

MONTREAL. — Avon River Power Co., subsidiary of Nova Scotia Light and Power Co., has been authorized by the Public Utilities Board to put into effect a tariff schedule for electric service furnished in the territory formerly served by the Town of Middleton. No opposition was offered and as exactly identical rates were recently approved after formal hearing and enquiry, the Utilities Board was satisfied that the interim approval asked for should be granted.

MONTREAL TRAMS. SHARE EARNINGS $11.50 IN 1930

Premium on Exchange Resulted in Lower Net Profit

From Our Own Correspondent

MONTREAL.—Montreal Tramways Co. earned $11.50 a share on its common stock against $14.14 a share in 1930. Total revenue accruing to the company under its contract was actually higher by $100,000 but interest charges were increased on account of premium paid for United States funds, resulting in lower share earnings.

The financial statement for 1931 shows a drop of $770,000 in operating revenue which totalled $14,209,339. Special revenue at $365,579 was down about $7,000 and gross revenue amounted to $14,574,918 compared with $15,352,510 in the previous year. Expenses, however, were down from $11,427,715 in 1930 to $10,621,732 last year, leaving net earnings of $3,953,185 compared with $3,924,795 in the preceding year.

Distribution of Profits

Under the agreement between the company and the city this revenue was distributed as follows:

	1931 $	1930 $
Oper. rev.	14,209,339	14,979,645
Spcl. rev.	365,579	372,865
Gross rev.	14,574,918	15,352,510
Exp.	10,621,732	11,427,715
Net earn.	3,953,185	3,924,795
Distributed as follows:		
Company	3,263,835	3,170,752
Fin. exp.	181,431	181,431
City rental	500,000	500,000
Div. surp.	7,918	72,611
Totals	3,953,185	3,924,795

Company Revenue Account

In the company's revenue and expense account, total revenue was $3,464,555 compared with $3,364,099 in 1930. Interest charges, including $196,698 paid in premiums on U. S. funds, totalled $2,658,907, leaving net income of $805,648 compared with $989,844.

Dividends at the rate of 10 per cent were paid on the common shares and a surplus of $105,648 resulted, bringing profit and loss balance to $2,630,728.

Following are particulars of the company's revenue and expense account:

	1931 $	1930 $
From contr.	3,263,835	3,170,752
Oper. prof.	67,963	65,889
20 p.c. div. surp.	1,583	14,522
Oth. rev.	131,172	112,935
Total rev.	3,464,555	3,364,099
Int., etc.	2,658,907	2,374,254
Net inc.	805,648	989,844
Divids.	700,000	700,000
Surp.	105,648	289,844
Prev. surp.	2,525,079	2,235,235
P. & L. bal.	2,630,728	2,525,079

Balance Sheet Position

Working capital is lower at $3,560,992. Current assets were $5,331,558 against current liabilities of $1,770,566. At the end of 1930, working capital was $4,478,693.

The balance sheet shows total assets down $98,000 at $66,260,183. Noteworthy changes include an increase of nearly $1,000,000 in fixed assets which total $59,815,456 and a drop of $803,000 in call loans which total $1,312,500.

In liabilities, reserves have been increased by nearly $600,000 to $5,861,589 and a mortgage of $124,133 has been liquidated. During the year there were redeemed $90,500 of bonds, leaving outstanding $48,997,300.

Quebec Central Activity Curtailed Last Year

From Our Own Correspondent

MONTREAL.—Quebec Central Railway experienced in 1931 a decline in traffic unprecedented in the history of the company, extending over some 55 years, it was stated at the annual meeting of the company. Business conditions acutely affected the pulpwood, paper, asbestos, lumber and other industries located on its lines, which represented its principal sources of freight traffic. There was also a considerable decrease in passenger revenue, due in part, it was stated, to automobile competition.

The Quebec Central Transportation Co., a subsidiary of the railway company, will resume this summer, the highway motor coach service between Levis and Morisset and a motor coach service will also be inaugurated between Sherbrooke and Newport, Vt., within the next month.

The board of directors were re-elected.

'Peg Electric Earnings Gain in First Quarter

From Our Own Correspondent

MONTREAL.—Net earnings of Winnipeg Electric Co. in the first quarter of 1932 showed a slight improvement over the same period last year. Gross earnings were lower by $27,368 at $1,537,460 but the drop was offset by reduced operating expenses which enabled the company to show net earnings of $502,997, a gain of $1,684.

Figures for the month of March show a slight increase in gross earnings for the month, a further reduction in operating expenses and net earnings of $165,625, an increase of $11,724 over the same month in 1931.

C. W. LINDSAY HAD OPERATING LOSS $64,381 IN 1931

Other Income Brought Net Earnings Up to $49,974

From Our Own Correspondent

MONTREAL.—Financial statement of C. W. Lindsay Co. for the year ended February 29, 1932, shows an operating loss but a strengthening in cash position. Operations during the year resulted in a net operating loss of $64,381; after addition of other income there remained net earnings of $49,974 which compared with $242,961 in the previous year. Provision for bond interest and depreciation and other reserves resulted in a net deficit of $32,616 against a net profit of $143,769 in the preceding period.

Owing to redemption of preferred stock, dividend requirements were slightly lower; a full year's distribution was paid on the common on which dividends have now been suspended. After addition of a reserve for cancellations of $35,087, the deficit for the year was $86,552; this compares with a surplus of $62,705 in the previous year. Balance brought forward into the current year was $348,269 compared with $424,310.

Profit and Loss Figures

Following are comparative figures for the past two years ended February 28 and 29:

	1932	1931
Net operating profit	$64,391*	$153,455
Add: Other income	114,355	89,506
Net earnings	49,974	242,961
Less: Bond interest	64,445	66,240
Reserves	18,145	18,161
Income tax	......	14,791
Net profit	32,666*	143,769
Less: Pref. divds.	46,015	48,056
Common divds.	33,008	33,008
Add: Cancellation res.	25,087	......
Surplus for year	86,552*	62,705
Add: Pfd. stock disc.	16,738	6,618
Add: Prev. surplus	418,083†	354,987
Balance forward	384,269	424,310

*Loss.
†Adjusted.

Working Capital Lower

Working capital is slightly lower. Current assets were $2,029,107 compared with current liabilities of $91,197, leaving a net working capital of $1,937,910. This compares with $2,072,455 at the end of the previous year.

The balance sheet shows cash at $75,073 up $61,000, and call loans of $75,000 and Dominion of Canada bonds totalling $120,964 make their first appearance. Accounts receivable, less reserve for cancellation, are sharply lower, totalling $1,577,173 against $2,041,473. Inventories have been reduced by $48,000 to $178,058 and a mortgage receivable is down $500, at $1,500. Fixed assets are lower by about $2,000 at $1,063,068.

Accounts Payable Reduced

In liabilities, accounts payable have been reduced by $108,000 to $39,617. Bond interest and dividends payable are the only other current obligations. During the year there were redeemed $30,000 of first mortgage bonds, leaving $1,074,000 outstanding. There were also redeemed 455 shares of preferred stock, leaving outstanding $683,600.

In his remarks to shareholders, J. A. Hebert, president of the company, states that inventories have been taken on a very conservative basis and this had tended to reduce profits.

PROSPEROUS EMPIRE KEY TO RECOVERY

Head of Federation of British Industries Discusses Empire Conference

A prosperous Britain is essential to a prosperous British Empire and a prosperous British Empire is the key to world prosperity, according to Sir James Lithgow, retiring president of the Federation of British Industries, in his address at the annual general meeting of that organization this month. Sir James reviewed the crisis through which Great Britain was passing, noted the benefits and dangers of the present fiscal system and urged the necessity of reducing the cost of government if prosperity were to be established.

In regard to the forthcoming Empire Conference, Sir James said, in part:

"Past misunderstandings and divergence of ideals have made the task of fiscal co-operation difficult. However, circumstances seem to have conspired to make the present moment propitious for a renewal of efforts to establish an Empire economic policy, the keynote of which will be the welfare of the Empire.

"The personal and direct contact which as your representative I have had with the subject of Empire co-operation notably in connection with your mission to Canada last year has been illuminating. It has deepened my appreciation of the serious obstacles which honest difference of viewpoint and long established interests and associations offer to the consummation of the ideal of an Empire co-related as one industrial unit; after all, the task of overcoming these difficulties only differs in degree from the similar task of organizing on a rational basis some of the older established industries in Great Britain itself. This necessary task is, we believe, within the power of enlightened leaders making mutual concessions for the common good.

"Such consideration, which contact with your affairs has permitted me to give to the subject, has nevertheless strengthened my feeling that the pursuit of this ideal is both the noblest and the most profitable line of development which those responsible for industry in all parts of the Empire can pursue.

"I believe a prosperous Britain is essential to a prosperous British Empire. I believe a prosperous British Empire is the key to world prosperity."

Two Deductible Policies For Alberta Hail Risks

Plans for the introduction of a deductible hail insurance policy in Alberta were placed before the legislative agricultural committee recently by A. K. Olive, of Regina representing the Canadian Hail Underwriters Association.

Hail insurance as now written is too risky and unprofitable, the committee was told, and a change in the form of policy, introducing a deductible feature by which certain percentages of crop losses would be withheld from insurance, but with offsetting reductions in rates was put forth.

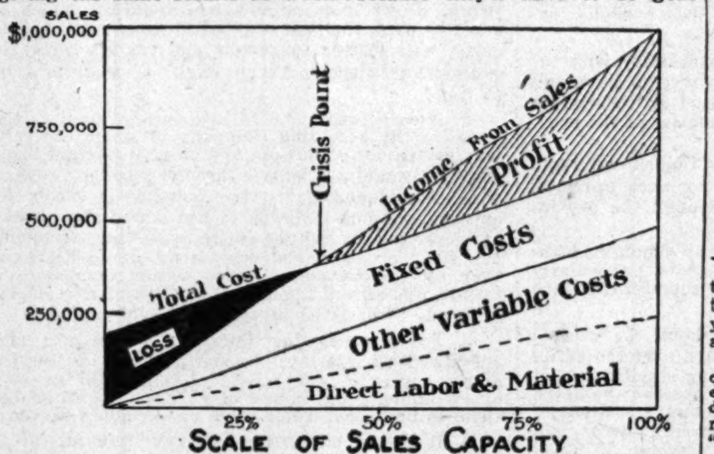
The companies desire, he said, to offer two alternatives this year: A 10 per cent deductible policy, with a 25 per cent reduction in rate, and a 25 per cent deductible policy with 50 per cent reduction in rate.

Profits Flower at Top Because of Fixed Costs

Indicates Need of Putting as Large a Proportion of Expenses in Variable Class

By WILLIAM SNAITH
Industrial Engineer

Profits, which are aptly said to flower at the top, have turned out to be too delicate to flower at all on many "plants." As sales fall off twenty, thirty and forty per cent profits drop much faster, going from significant figures into decimals or "traces" as the chemist would describe them, and finally into bright red figures described as losses on the balance sheet. While the phenomenon is distressingly familiar the reason is not quite so obvious. An explanation in words is liable to be lengthy and get tangled in technical terms. A chart tells the story better than several thousand words. It has the quality of showing what happens as and when sales reach any given percentage of plant capacity, thus giving the same results as would be obtained if a great number of tentative balance sheets (or budgets) were built up.



Credit for developing the Profitgraph must go to C. E. Knoeppel, with whom the writer was at one time associated. It was first developed in 1909 so that it can be said to have come of age. As it has grown up more and more of its possibilities have been realized and it is probably the basis for the construction of most budgets which embody the principle of flexibility, of which more later. Only the more salient features have been included in the cut which is reproduced herewith.

Two Kinds of Costs

The construction of the Profitgraph is almost self-evident but it will be found that some analysis and re-classification of the figures as usually expressed in the financial statement must be done.

Costs must first be divided into fixed and variable costs. It has taken a depression to burn into the consciousness of business just what this distinction implies. The particular conditions illustrated are that variable costs for sales of $1,000,000 are $500,000 and fixed costs are $200,000. With this information three lines are drawn. The first starts at the lower left hand corner and reaches the $500,000 mark when sales are 100 per cent. The line of fixed costs starts at $200,000 and runs parallel to the first line so that, when sales are 100 per cent of total, costs are $700,000 and profits are $300,000. The third line represents the income from sales and reaches the $1,000,000 mark for 100 per cent sales. The point where the last two lines cross is where losses cease and profits begin. Graphically or by arithmetic this is when sales are $400,000 or 40 per cent of capacity.

Flexibility in Costs

While fixed costs require no definition, variable costs are made up of a variety of items. Direct material and direct labor are purely variable, depending only on production, which is here assumed equivalent to sales. Overhead costs are partly fixed and partly variable, depending entirely on conditions in the particular business. Having in mind what happens as we narrow or widen the band on the chart which represents fixed costs, we see that wisdom will dictate keeping as many items in the variable classification as possible. As applied to overhead, whether administrative, manufacturing or selling, this would point in the direction of small fixed salaries and adequate bonuses based on results. It also shows the need for all the flexibility possible in the organization so that the payroll for overhead personnel may be varied as sales increase or decrease. This may be very difficult in a small plant, but the larger the business the easier it becomes.

The Profitgraph in our illustration has been drawn to show an exaggerated profit. The increased contrast adds to the clarity of the drawing and of the points dealt with. It is easy to see, for example, that if sales drop from 100 down to 70 per cent of capacity the drop is 30 per cent, but profits drop half way to the crisis point or a reduction of 50 per cent, and so forth. Also in the case illustrated the crisis point is at 40 per cent of sales capacity. Consider the case where this point is at 50 per cent of capacity and the profit at 100 per cent is, say $100,000. Then a reduction in sales of 30 per cent would wipe out 60 per cent of the profit and leave only $40,000. Where investment is heavy, fixed charges high and costs of operation crowding the triangle representing profits further and further into the corner, we have a picture of the conditions existing amongst the railroads on this continent and it is easy to see how trucks and buses need take away only a small share of the railroads' traffic to cut their profits in half, or worse.

Optmistic Budgets

Earlier in this discussion it was mentioned that flexibility is a very necessary feature in a budget. In days before the crash, budgets were often built up by assuming that sales for this year would be ten per cent greater than in the last year and that expenses would be reduced here and there, probably to average all told five per cent less than last year. Today we've got to be a whole lot more accurate and at that our estimates require constant revision—generally downward. Last year we thought 1931 couldn't be worse than 1930, which now appears to have been a pretty fair old year. So this year we all guessed that 1932 couldn't possibly be worse than 1931. Mostly it is a lot worse so most of our budgets must be revised and the case for flexibility is pretty well proved. And when prosperity turns the corner, if it and the corner haven't vanished, we'll still need flexibility in our budgets to allow for expanding advertising and selling expenses to secure the added sales because they'll have to be gone after even then. They won't just come.

Profits have been mentioned so often in this discussion that we can well close on the note that profits can and should be controlled. It hardly seems possible that such can be done except by a budget. Fred Shibley says, "There is a secret gold mine in the budgetary control which a select few have discovered and are mining profitably." The Profitgraph and the method of analysis of costs outlined herein are good equipment with which to start opening the gold mine.

U.S. Wheat Supply May Drop 150,000,000 Bu.

Total supplies of wheat in the United States during the 1932-33 crop year will be about 150,000,000 bushels less than in the 1931-32 season, according to the U. S. Bureau of Agricultural Economics. The April 1 estimates of 458,000,000 bushels of winter wheat and an average spring wheat crop would give a total crop of about 700,000,000 bushels, plus an increase of 20,000,000 to 50,000,000 bushels in the carry-over. Combined production of winter wheat and spring wheat last year was 892,000,000 bushels. The bureau says that production this year may be less than 700,000,000 bushels because there is evidence that spring wheat yields in some regions may be below average.

Although there will be a large quantity of wheat which can be exported from the United States during the remainder of this and next season, the bureau says that "present indications as to the winter wheat crop appear to give assurance that there will be no forced selling of wheat in the export market due to lack of storage space, and foreign buyers will not be assured of a considerable volume of exports from the United States regardless of price. Furthermore, with the first quarter of 1932 passed and the heaviest of the new crop movement from the Southern Hemisphere out of the way, importing countries appear to be more interested in obtaining supplies from the United States and Canada to help fill out their import requirements."

Exports of Ham and Bacon Increase 2,969,000 Pounds

Large increases in the export of bacon and ham are the chief features of the progress of the Canadian export meat industry. Total shipments of bacon and ham amounted to 3,823,700 lbs. in March compared with 854,700 lbs. in March, 1931. Of the total, 2,772,400 lbs. went to Great Britain, 747,000 lbs. to the Irish Free State and 232,000 lbs. to the U. S. A.

Dollar value of the Canadian foreign trade in meats was $726,676 in March as against $414,403 in March of last year. Due to the decline in prices, however, the money value does not indicate nearly the full size of the increase.

Exports of poultry for the month, for instance, were 3½ times as great as in March, 1931.

Bureau Compiles List of U.S. Tariff Items

Dominion Bureau of Statistics has compiled a list of the duties which the United States now levies on agricultural products. Here are the most important ones affecting Canada.

Cattle, formerly free, now 2½c on less than 700 lbs., heavier, 3c per lb.

Horses, formerly 10 per cent, now $20 up to $150, values higher 20 per cent ad. val.

Poultry, formerly 1c per lb., now 8c.

Sheep, formerly free, now $3 per head.

Beans, formerly 25 cents per bushel, now 3c per lb.

Rye, formerly free, now 15c per bushel.

Wheat, formerly free, now 42 cents per bushel.

Wheat flour, formerly free now $1.04 per 100 lbs.

Fresh Beef, formerly free, now 6c per lb.

Lamb, formerly free, now 7c per lb.

Dressed poultry, formerly 2c per lb., now 10c.

Butter, formerly 2½c per lb., now 14c.

Milk powder, formerly free, now 6 1/12c per lb.

Clover seed, formerly free, now 8c per lb.

Potatoes, formerly free, now 75c per 100 lb.

Turnips, formerly 15 per cent, now 25c per 100 lb.

Eggs, formerly free, now 10c per dozen.

Hay, formerly $2 per long ton, now $5 per short ton.

Maple sugar, formerly 3c per lb., now 8c.

Wool, formerly free, now 24c to 37c per lb.

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A CIGARETTE, BLENDED FROM THE FINEST TYPES OF VIRGINIA LEAF, FOR THOSE WHO PREFER THE BEST

NVI

BUY BONDS NOW
. . . for Income and Profit

It is always a good time to buy sound bonds . . . for safety . . . for income. The present is an especially favorable time to buy bonds for profit as well.

Due to market conditions, many seasoned bonds of well-known Companies have declined sharply and are now selling at material discounts under par, thus affording highly attractive current yields, plus opportunity for substantial appreciation in value.

May we submit a selected list of such bonds which, in our opinion, present outstanding opportunities.

TELEPHONE OR WRITE OUR NEAREST OFFICE

NESBITT, THOMSON and Company Limited
355 St. James Street West, Montreal

Quebec Ottawa Toronto Hamilton London, Ont. Winnipeg Saskatoon Calgary Victoria Vancouver

The Employers' Liability Assurance Corporation Limited

EXTRACTS FROM THE REPORT FOR THE YEAR 1931

REVENUE ACCOUNT

Premiums (Fire, Accident and General) Net	$32,405,717
Interest and Rents	1,476,179
	$33,881,896

BALANCE SHEET, 31st DECEMBER, 1931

ASSETS

Government, Provincial and Municipal Securities	$14,173,953
Railway Stocks and Debentures	18,253,840
House Property — Corporation's offices, less depreciation	5,819,300
Branch and Agency Balances	6,813,502
Shares of Companies controlled	3,055,095
Amounts due from subsidiaries and other companies	896,006
Interest and Rents Accrued	438,307
Cash in hand and on deposit	496,354
	$49,946,357

LIABILITIES

Capital paid-up	$ 1,923,860
Insurance Funds	12,304,060
Reserve for outstanding losses, estimated	15,269,530
Amount due to subsidiaries and to other companies and Agents	1,094,219
Outstanding Commission and Expenses	1,279,249
Unclaimed Dividends	1,436
Deposits at Interest	34,746
Loan Account	465,000
Provision for Final Dividend, 1931	721,448
Outstanding Taxes	1,549,591
Investment Reserve	2,500,000
	$37,143,139
Net Surplus	12,803,218
TOTAL	$49,946,357

($5 taken as equivalent to £1 sterling)

STANLEY G. REID, Manager for Ontario
JOHN FANNING, Asst. Manager for Ontario
TEMPLE BUILDING, TORONTO, ONT.

JOHN JENKINS
General Manager for Canada & Newfoundland
Insurance Exchange, Montreal

Winnipeg Calgary Vancouver

News of Investment Markets

MACLAREN PAPER MASSON PROJECT WELL UNDER WAY

Most of Difficult Engineering Work is Now Completed

USE BANK LOANS

Earned $746,274 First Year from Newsprint Production—Will Sell Power in 1933

Maclaren Power & Paper Co., and its subsidiaries, James Maclaren Co., and Maclaren-Quebec Power Co. had earnings from operations at $746,274, for the year ended November 30, 1931. Net profits, subject to income tax of $109,256, after provision for reserve for depreciation and depletion of $178,685, and interest on bonds, less amount charged to capital construction, amounted to $458,333. Dividends paid on common stock amounted to $175,000 which reduced the surplus at November 30, 1931, to $608,724 from $674,468 carried forward from 1930.

Earnings are chiefly from James Maclaren Co. which operates a newsprint mill which has an annual capacity from 75,000 tons. Brought into operation late in 1930, the mill operated at some 48 per cent of capacity during 1931. The Maclaren-Quebec Power Co. is producing power to the extent of 66,000 h.p. at High Falls on the Lievre River, all of which is being taken by James Maclaren Co. while development is under way at Masson Falls on the Lievre for another 130,000 h.p. On the latter project, dam and rock tunnel are nearing completion and practically all of the difficult engineering work has been finished. Scheduled for completion by July 1, 1933, the work is expected to be ready well within the time limit as well as within the estimated costs.

Contract Starts 1933

Power from the Masson project will be sold in part to the Hydro-Electric Power Commission of Ontario under contract and the remainder will be taken by James Maclaren Co. The first block of power will be taken by the Commission by July 1, 1933, and will give the company $400,000 and by November 1, 1936, the commission will take 125,000 h.p. for which the company will receive $1,875,000 per year. During the first year of production the paper company will have to meet some $800,000 of bond interest charges while revenue on power sold to the commission will increase rapidly to a point where full interest charges can be met without recourse to earnings from the newsprint company.

Early in 1931 an issue of $12,000,000 5½ per cent first year first mortgage bonds, series "A" of Maclaren-Quebec Power Co. was sold to the public and there remains $6,000,000 of the authorized issue of $18,000,000 to be sold. Cost of construction work at Masson has been temporarily financed by bank loans amounting to $1,600,000 at November 30 and secured by the unsold first mortgage bonds. It is understood that no difficulty is expected in financing the power project through to completion and that bank loans are higher at the present time.

Cash Held in Escrow

The consolidated balance sheet at November 30, 1931, showed current assets of $2,120,572, which includes $474,582 in accounts and bills receivable and $1,643,702 in inventories and advances for 1931-32 operations. Current liabilities totalled $3,019,410 including $2,065,455 in bank loans, $727,388 in accounts and bills payable and $226,567 in accrued bond interest. Cash held in escrow includes $316,667 held for payment of bond interest and $900,769 for construction lien. The amount of such liens has yet to be determined, but the funds in escrow are understood to be well over the claims. Other assets, including guarantee deposits, investment and deferred charges, total $187,219; while fixed assets are valued at $34,767,503. Included in fixed assets are real estate, buildings, plants, water rights at $8,509,837 after depreciation. Timber limits at $5,028,720, after reserve for depletion, and water power, power houses, transmission lines, and development under construction at $21,228,946. Depreciation provided includes an amount calculated on a per ton basis on newsprint manufactured to cover depreciation of paper mill, machinery and buildings.

General reserves of $300,000 and accident reserves at $98,908 constitute the only current liabilities other than $12,000,000 of first mortgage bonds and capital and capital surplus of $22,267,687. Earned surplus subject to income tax revision amounts to $608,724.

February Coal Output Gains

Canadian coal producers reported an output of 1,188,349 tons of coal during February, an increase of 23.4 per cent over the February, 1931, production of 962,710 tons, though 9.9 per cent below the five-year average.

General Steel Cuts Losses; Will Pay Interest Due May 1

In spite of lower volume of sales in the first quarter of 1932 than in the corresponding quarter of 1931, General Steel Wares Ltd. loss on operations was reduced due to operating economies introduced during the latter part of 1931. Further economies are being put into effect and will result in annual savings of over $1,000,000. Bank loans at March 31, 1932, were considerably under loans at March 31, 1931, due to very substantial reduction in inventories.

Interest on the 6 per cent first mortgage bonds, of which there is $8,679,000 outstanding, will be met on May 1 although bond interest has not been earned in the past two fiscal years. Payment in future will depend almost entirely on improvement in general business conditions. Directors of the company had held hopes that with even a slight improvement in business in 1932 the reduction in operating costs would enable the company to earn bond interest. Necessary improvement in business has been lacking however.

May Dividend Payments Will Total But $4,674,523

Canadian corporations will pay some $4,674,523 in dividends during May as compared with $5,301,127 disbursed in the corresponding month of 1931 and $6,580,454 in May, 1930. The months of February, May, August and November are those in which the volume of dividend payments falls to lowest ebb. The dividend record for May includes the passing of dividends by four companies and reduction in dividend rate by eleven.

Beatty Bros. Ltd. and Granby Consolidated Mining & Smelting Co. have passed dividends on their common stock while Simpsons Ltd. and Frost Steel Wire Co. have passed preferred dividends. Reduction in dividend is announced on the preferred stocks of Consolidated Sand, Standard Paving, Dominion Scottish Investment Corp. and Service Stations Ltd. while companies to reduce common dividends include Dominion Motors Ltd., Foundation Co. of Canada, Humberstone Shoe, Quebec Power Co., Shawinigan Water & Power Co., Canadian Car & Foundry Co. and Coast Breweries Ltd.

Dividends to be paid during May as compiled by The Financial Post are as follows:

SUMMARY OF PAYMENTS

Dividends	$ 4,674,523
Bond interest	48,238,356
Total	$52,912,879

DIVIDEND PAYMENTS

Company	Rate	Date	Amount
Beatty Bros., pref.	1¾q	1	$18,750
Belding Corticelli, com.	1¾q	2	13,115
Blue Ribbon pfd.	50c.q	2	67,500
B.C. Tel. 2nd pfd.	1½q	1	67,500
Calgary Power, pref.	1½q	2	90,000
Can. Bronze	31¼c.q	1	25,000
Do., pref.	1¾q	1	12,600
Canadian Car, c.	15c.q	30	54,870
Can. Converters	50c.q	16	8,667
Can. Dredge, pref.	1¾q	2	1,465
Can. Investors com.	15c.q	2	15,000
Canadian Oil, com.	25c.q	14	35,941
Claude Neon Adv. pref.	2.33*	2	54,892
Coast Breweries	23c.q	1	41,449
Consol. Sand, pfd.	$1	16	10,822
Disher Steel Cons. pfd. "A"	37½c.q	2	4,735
Dominion Bridge	62½c.q	16	321,219
Dominion Motors	10c.s	2	28,700
Dom.-Scottish Invest. pfd.	50c.q	1	29,850
Dominion Tar, pfd.	1¾q	1	81,818
Eastern Dairies, c.	25c.q	2	25,000
Foreign Pr. Secs. pfd.	1¾q	16	75,000
Foundation Co.	12½c.q	14	10,575
Fuller Geo. "A" (Can.) pfd.	1¾q	2	11,250
Guelph Carpet pfd.	1¾q	1	14,966
Hamilton Bridge pfd.	1¾q	2	35,750
Hollinger Mines	5c	20	246,000
Humberstone Shoe	50c.q	2	10,000
Imperial Bank	3q	2	210,000
Inter. Nickel pref.	1¾q	2	483,486
Inter. Utilities pref.	1¾q	2	55,077
Do., pref.	87½c.q	2	70,651
MacKinnon Steel pfd.	1¾q	2	9,625
Mtge. Corp., N.S.	1¾q	1	11,900
Neon Prod. of West. Can., pfd.	75c.q	1	4,500
Ont. Steel Prod., pfd.	1¾q	16	6,304
Paterson, Wm., pref.	1¾q	2	1,086
Penmans	75c.q	1	48,888
Do., pref.	1½q	1	16,125
Power Corp., c.	50c.q	20	222,979
Quebec Power	38c.q	16	210,215
Royal Trust	80c.q	1	80,000
Russell Motor	50c.q	2	4,000
Do., pref.	1¾q	2	21,000
St. Lawrence Flour, pfd.	1¾q	2	10,062
Serv. Stations, pfd.	75c.q	1	24,457
Do., pref. "A"	75c.q	1	11,212
Shawinigan W. & Pr.	25c.q	16	544,562
Sherbrooke Trust	1½q	1	4,500
Simpson, Robt., pfd.	3s.	2	100,500
Southern Can. Pr. c.	25c.q	16	100,000
Stand. Paving, pfd.	$1	16	14,275
Steel of Canada	43¾c.q	2	201,250
Do., pref.	43¾c.q	2	113,684
Teck Hughes	15c.q	2	719,571
Weston, Geo., pref.	1¾q	2	15,750
			$4,674,523

*For 4 months. q—Quarterly. s—Half-yearly.

BOND INTEREST DUE IN MAY

Company	Rate	Date	Due	Amount
Alexandra Apts.	6½	15	1940	$10,172
Architects Bldg.	6	1	1945	21,000
Argyle Motor Ser.	6	1	1948	3,600
Bay St. Albans	6½	1	1948	6,435
Belding Corticelli	5	1	1936	4,492
B. C. Pulp	6	1	1950	99,630
Bell Telephone "C"	5	1	1960	187,500
Brantford Roofing "A"	6½	1	1950	19,500
Bruck Silk Mills	6½	1	1945	16,045
Canada Cement "A"	5½	1	1947	527,395
Can. Nor. Pr. "A"	5	1	1953	425,000
Can. Nor. West. Rly.	4½	1	1948	62,997
Can. Copper Refiners	6	1	1945	75,000
Connors Bros.	6½	1	1938	4,875
Consol. Apts. gen. mtg.	6½	15	1951	7,572
Cons. Oka Sand	6½	1	1948	21,807
Cosmos Imperial	6½	15	1944	27,930
Davies, Wm., "A"	6	1	1942	52,500
Dominion Park	7	1	1936	2,100
Dredging Contract.	6½	1	1947	16,250
Duke Price Pr. "A"	6	1	1966	1,093,560
East. Can. Coastal St.	6	15	1949	16,500
East. Dairies "A"	6	1	1949	90,000
Econ. Inv. Tr. "A"	5	1	1957	25,000
Ford Hotel	6	1	1947	18,750
Gen. St. Wares "A"	6	1	1952	251,940
Granite Club	6½	1	1941	8,385
Gr. Lakes Power	6	1	Ser.	57,150
Hinde & Dauch "A"	5½	1	1948	37,495
Hydro-El. Bond "A"	5	1	1957	81,250
Inter. City W. Bak.	6½	1	1950	48,750
L'Ins. Bruchesi Mtl.	5%	1	1931-51	2,500
Jones Bros. of Can.	6½	15	1946	8,378
Kingston Elevator	6	1	1950	45,000
Les Pet. Soeurs Francis de Marie	5½	1	Ser.	12,875
London Realty	6½	1	1950	39,000
Mayor Bldg.	6½	1	1942	20,075
Do., gen. mtge.	7	1	1947	10,500
Mercury Mills "A"	5½	1	1953	39,572
Montreal Cotton	5	1	1943	12,662
Mont. Is. Pr. "A"	5½	1	1957	254,375
Montreal Metro. Comm.	4½	1	1965	59,300
Nat. L. & Pr. "A"	6	1	1949	60,000
Nor. Can. Pr.	6	1	1953	67,500
Nor. Ont. L. & Pr.	6	1	1953	150,000
N.S. Pub. Cold Stor.	6	1	1958	51,000
Price Realty	5½	1	1946	20,625
Paton Mfg.	6	1	1953	22,326
Penmans	5½	1	1951	52,030
Porto Rico Pr.	5	1	1936	44,837
Do., refund	5	1	1962	24,332
Do., debs.	6	1	1950	22,500
Provincial Pap. "A"	5½	1	1947	134,700
Queen's Hotel	6	1	1947	30,000
Randolph Hotel	6½	1	1947	7,897
Shawinigan "B"	4½	1	1968	358,132
Sher. St. Realty	6½	1	1940	21,937
Spencer, F. G., "A"	6	1	1944	6,000
Traymore Coll. Tr.	7	1	1935	5,250
University Tower	6	1	1950	37,500
Do., gen. mtge.	6½	1	1956	32,500
United Grain Grow. "B"	5½	1	1949	19,400
United Secs. "A"	5½	1	1952	95,562
Do., "B"	5½	1	1952	42,872
Van. Island Trans.	7	1	1943	12,250
Wabasso Cot.	7	1	1942	20,072
West. Steel Prod.	6	1	1948	62,736
Corporation bonds				5,226,275
Municipal bonds				*5,285,027
Provincial bonds				*3,820,000
Victory Loan	5½	1	1933	12,283,117
Do.	5½	1	1934	14,077,541
Do., renewal	5½	1	1932	2,016,439
Nat. Ser. Loan	5	15	1936	5,529,957
Do.	5	15	1941	
				$48,238,356

*Figure is determined by dividing by twelve the ultimate total interest payable during the year on these issues.

Obituary

C. H. Neely, formerly Canadian manager of the Ocean Accident and Guarantee Corp., died April 16, at his home in Bronxville, N.Y. He was manager of the Canadian branch of the company from 1902 to 1918, and in the latter year became United States manager. In 1930 Mr. Neely retired from active management and was appointed to the directorate of the company.

Bond Sales

CITY OF WESTMOUNT, QUEBEC

Wood, Gundy & Co. and Hannaford, Birks & Co., have been awarded $411,500 of 5½ per cent serial debentures of the city of Westmount, Quebec, at 95.57, a cost basis to the city of approximately 6.01 per cent. The bonds have an average maturity of 14½ years. The following firm bids were made on the issue and several options were also asked of the city.

1 Wood, Gundy & Co., Hannaford, Birks & Co.	95.57
2 Dominion Securities Corp., A. E. Ames & Co., Royal Bank	95.287
3 National City Co., Bank of Montreal, Meade & Co., Hanson Bros.	94.37
4 McLeod, Young, Weir & Co.	93.27

Bond Redemptions

Bond Issues—	Rate	Due	Redeem.	Price
Brazeau Collieries	*7%	15-yr.	July 1	...
Cascade Water Power	4½%	1940	†May 1	100
Imperial Realty	*6%	1945	July 1	103
Mont. Louis Seigniory	*6%	1944	June 1	100
Wabasso Cotton	§6%	1947	June 1	105

†Or before.
*Called in part.
§$10,000.

Bond Tenders

May 2, Town of Greenfield Park, Que.—$46,000, 6 per cent, 10 year serial bonds, dated May 1, 1932, payable at Banque Can. Nationale in St. Lambert or Montreal. E. Allwright, sec.-treas.

2 p.m., May 3, County of Carleton—$200,000, 6 per cent 10-instal. debentures; $25,000, 6 per cent 20-instal. debentures, dated April 1, 1932. All tenders to be in Ottawa funds. H. R. Washington, clerk and treas., County House, Ottawa. (See announcement on page 10).

Railway Earnings

Canadian National Railways

March:	1932 $	1931 $	Decrease $
Gross rev.	12,248,624	15,030,052	2,781,428
Oper. exp.	11,690,019	14,249,112	2,559,093
Net rev.	558,604	780,938	222,334
Three Months:			
Gross rev.	34,201,350	42,200,990	7,999,640
Oper. exp.	34,820,296	42,102,528	7,282,232
Net rev.	*618,946	98,461	717,407

*Deficit.

Metal Prices

New York—April 26—
Copper: Electrolytic spot, 5⅝c. lb.
London—April 26—
(Long Ton)—
Copper: Electrolytic spot, £35; future, £36.
Standard spot, £30 7s 6d; future, £30 12s.
Tin: Spot, £116 2s 6d; future, £118 2s 6d.
Lead: Spot, £11 15s; future, £12.
Zinc: Spot, £12 12s 6d; future, £12 17s 6d.
Silver: 17d. per ounce.

MUNICIPAL BOND ISSUES RECEIVE GOOD RECEPTION

Quebec and Hamilton Debentures Sell on 6 p.c. Basis

Two important items of municipal financing came on the market in the past week with the co-operative offering of $3,008,000 6 per cent 7-year debentures of the City of Quebec offered at par by a syndicate headed by the Banque Canadienne Nationale and an issue of $2,560,329 6 per cent installment debenture of Hamilton, Ont., offered at par for 1933 to 1949 maturities and 100½ for 1950 to 1962 maturities. The Quebec issue is reported to have been all taken up while the Hamilton's have met a good institutional demand particularly for maturities up to 1949.

The Hamilton offering is notable in that it is the first large piece of municipal financing to be offered publicly this year in which investment houses have taken a definite commitment. The syndicate headed by Griffis, Fairclough & Norsworthy Ltd., is reported to have paid the city some 98.11 for some $1,089,000 of the bonds with an option on the remainder. Other investment houses negotiated with Hamilton on an option basis only.

Hamilton was in the market late in December, with a $1,594,000 issue and has since sold privately $615,637 of 6 per cent school debentures and $4,700 5 per cent park fund debentures at a cost basis of 6¼ per cent. The December offering was made on a 5.65 per cent yield basis.

Ottawa bonds will be offered in the near future it is expected and the satisfactory placement of Hamilton and Quebec issues may also bring other municipalities into the market. Conditions have not shown any great improvement in the past two weeks except in some strengthening of retail prices. Volume continues to be small but there is a good demand for short term issues by the banks. Institutional investors, generally speaking, are not buying in any great amount. Investment in mortgages has either been discontinued or very largely curtailed and liquid funds are needed for policy loans which constitute a considerable problem.

Consumers' Gas Sales Show 2 Per Cent Gain

Consumers' Gas Co. gross sales for the first six months of the present fiscal year gained 2 per cent over the same period of the previous year. In the year ending September 30, 1931, the gain over the preceding year was about one per cent. These gains are much more moderate than the rapid expansion noted from 1924 to 1930 in each succeeding year.

The 30 per cent growth since 1921 is stated to have been obtained mainly in the domestic field, industrial use having shown a decline. The stock is still selling above the low for the year of 145, and close to the average rate obtained for the recent stock issue. It has resisted decline better than all other stocks on the board because of the high investment reputation of the security and the demand from private and institutional investors.

New Machine Merchandized By Cockshutt

Big savings to farmers in preparation of land and seeding are reported from the introduction of a new "tiller combine" by Cockshutt Plow Co. this year. The new machine will plough, disc, cultivate and seed all at the one operation and will retail at between $400 and $450 it is said.

Cockshutt engineers have been working on this new development for some time and exclusive patents for it are held by the company. It is known as a one-way disc-harrow with seed-box attached and is said to cut controllable tillage costs by approximately 50 per cent. The name "Tiller Combine" is copyright by the company and the machine is available with either 6, 8 or 10 foot tiller.

Officials of the company are reticent about this new product but it is understood that they are merchandising it very actively in the West and meeting with considerable success in spite of low farmer purchasing power. Just how important a factor it will become in the company's earning power will depend on the success it meets during 1932-33. If it proves successful it may indicate an important advance in the mechanization of this sphere of farming and may become one of the most important lines handled by this old-established firm.

The company closed its fiscal year on Nov. 30 and although little improvement is expected in earning power until a good crop has been harvested in Western Canada, it is understood that the company is finding an encouraging demand for its products and that collections are somewhat better than anticipated.

INVESTMENT SECURITIES
The National City Company
Limited
360 St. James St. MONTREAL
320 Bay Street TORONTO
Advisory Board
Sir Charles B. Gordon, G.B.E.
Sir John Aird
W. A. Black
A. J. Brown, K.C.
Wilmot L. Matthews
F. E. Meredith, K.C.
Lt.-Col. Herbert Molson, C.M.G., M.C.
W. N. Tilley, K.C.
The Hon. J. M. Wilson
800

Business Men Will Study B.C. Financial Position

Investigation of the financial position of British Columbia will be undertaken by a committee of five business men appointed at request of 22 British Columbia business organizations. Members of the committee will be George Kidd, chartered accountant; W. L. MacKen, financial and real estate broker; A. H. Douglas, lawyer; R. W. Mayhew, manufacturer, and Austin E. Taylor, financier. Members of the commission will work without remuneration, and no expenses will be charged to the government.

The government has agreed to publish the full report of the commission within six weeks of its receipt and Premier Tolmie has suggested that the commission might ascertain what revenue can be reasonably demanded from the public without injuring industry or limiting its capacity for employment as well as what apportionment of that revenue may be in the best interest of the public without crippling the essential services and without borrowing. The commission will review the whole system of financing and cash accounting with furtherance of government retrenchment in view.

Minneapolis, St. Paul Revenues Declined

Gross revenue of Minneapolis, St. Paul & Sault Ste. Marie Railway Co. in the quarter ended March 31, 1932, is reported at $4,940,150 compared with $7,003,869 in the corresponding quarter of 1931. Net operating loss was increased to $1,219,325 from $351,902 while net loss after fixed charges amounted to $3,033,419 as compared with $2,105,581 in the first quarter of 1931.

Work is Progressing On North American Office

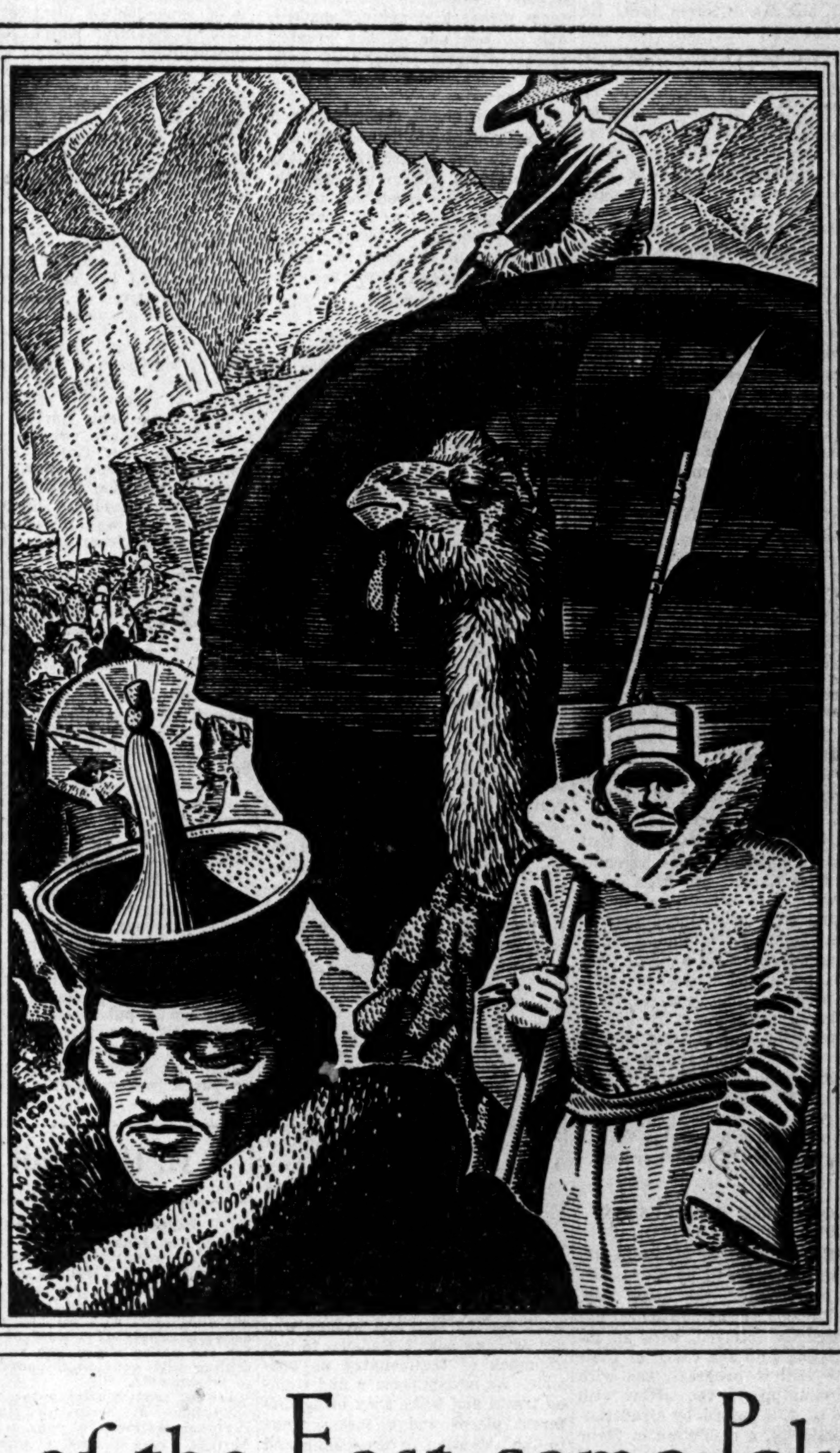
Completion of the seven-story head office building of North American Life on King St. W. is expected by September 1, according to information available this week. Some delays have retarded the schedule somewhat but steel work has now been completed.

Between 130 and 140 men are at work on the $650,000 structure which is the first unit in a larger building which the company will ultimately erect on this site.

To Investigate B. C. Coal

A special committee recently appointed by the board of directors of the Chamber of Mines of Eastern British Columbia is starting an investigation into the various coals produced within the province.

THE STORY OF A GREAT CANADIAN INDUSTRY—INTERNATIONAL IN SCOPE



235 B.C.

Out of the East came Paktong
.....the nickel alloy of the Ancients

Through the mountain passes of Asia, 2,200 years ago, long caravans laden with Paktong, earliest known nickel alloy, wound their way to the markets of India and Bactria. The miners of ancient China were seeking new markets for their metal.

Although Paktong was the first nickel alloy of history it is certain that man had learned to fashion swords from nickel-bearing meteorites at a much earlier date. Thus, doubtless, came the legend that the swords of the warriors of old in China and Persia were heaven-sent.

From the East, Paktong, in the form of beautifully wrought candlesticks and ornamental boxes, was brought to Western Europe by the East India Company in the early days of the China trade. This mysterious metal of the East was much admired for its soft, silvery lustre. Metallurgists in Germany, England and Sweden endeavoured to produce a metal of similar nature.

But centuries were to pass before this was accomplished, for nickel-bearing ores have always been difficult to handle. The very name of nickel was given to this metal in disgust; Kupfer Nickel it was first called because "Old Nick" was supposed to have bewitched the ores and made the metal brittle and unworkable.

Linking the past with the present, Nickel is old yet new. Its strength-infusing qualities which made the blades of Damascus strong, resilient and bright, are just beginning to be appreciated at their true worth by modern industry.

To keep the great mines of Sudbury operating and the smelters and refineries running, the finding of new uses and markets for Nickel and its alloys is as important today as it was twenty centuries ago to the miners of ancient China.

THE INTERNATIONAL NICKEL COMPANY OF CANADA
LIMITED

Greater use of Nickel and Monel Metal means a greater measure of prosperity for Canada.

Large ore reserves are of little value unless a correspondingly large demand exists—world markets are essential.

Summary of Week's Annual Reports

A brief analysis of company earnings per annual statements received since last week's issue. Company name in bold type indicates stocks listed in Canada or New York. Net income shown is before preferred dividend, if any. Market prices are at close on Tuesday this week or last sale.

Company	Year end	Net income 1931 $	Net income 1930 $	Common earnings 1931 $	Common earnings 1930 $	Curr. divd. $	Balance car. fwd. 1931 $	Balance car. fwd. 1930 $	Mkt.	Mkt. times earn.	Yield %
Hudson's Bay Co.	Jan. 31	*447,018	*746,336	....	...	...	......	......	..	..	...
Easy Washing Machine	Dec. 31	*224,654	*121,012	....	...	...	†216,269	61,071	..	..	...
Wood, Alexander & James	Jan. 31	*19,024	47,020	....	...	...	86,271	128,045	..	..	...
Montreal Tramways	Dec. 31	3,953,185	3,924,795	11.50	14.14	10.00	2,630,728	2,525,079	101	8.8	9.9
Nova Scotia L. & P. Co.	Dec. 31	207,833	257,968	3.82	5.95	4.00	286,940	285,740	..	..	...
C. W. Lindsay	Feb. 29	*32,666	143,769	....	2.90	...	384,269	424,310	5	..	...
Morrison Brass Corp.	Dec. 31	*203,070	125,709	....	...	...	142,650	400,165	..	..	...

*Loss. †Deficit.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	—Sold To—	Rate	Maturity	Amount	Price	Cost Basis
Quebec City	Apr. 26	Banque Canadienne Nationale & Syndicate	6%	May 1, 1939	3,008,000	*100	6%
Westmount, Que.	Apr. 26	Wood, Gundy & Co., Hannaford, Birks & Co.	5½%	14-½ yr. aver.	411,500	95.57	6.01%
Hamilton	Apr. 27	Griffis, Fairclough & Norsworthy, Cochran, Murray & Co., Gairdner & Co., J. L. Graham & Co., C. H. Burgess & Co., Flemming, Denton & Co., Matthews & Co., Midland Securities Corp.	6%	1933-62	2,560,328	*....	....
Sch. Comm. of Blessed Sacrament of Lachine	Apr.	Syndicate	6%	1942-62 ser.	110,000	....	....

*Offering price: 1933-1949, 100.00. 1950-1962, 100.50.

THE FINANCIAL POST

Member Audit Bureau of Circulations

President—JOHN BAYNE MACLEAN
Vice-President—HORACE T. HUNTER
Manager—GORDON RUTLEDGE
Editor—FLOYD S. CHALMERS

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TORONTO, APRIL 30, 1932

THE SOCIAL YARDSTICK OF FARMING PROSPERITY

THE farmer is primarily a capitalist. Even under the Soviet régime, the last group to be decapitalized (and the temptation is strong to spell it decapitated) were the Kulaks, the so-called wealthy farmers, although they would not have been adjudged as wealthy under Canadian standards. A reading of history indicates that the French revolution was virtually without immediate significance in the life of the French agricultural classes.

But while the farmer is a capitalist he cuts a figure in the capitalist world different from that of the industrial worker or the factory owner for he is both proprietor and worker. His farm is his home, his living and his source of extra cash income. Usually it is his chief investment safeguard against his old age and for the protection of his family.

To what extent the farmer should be a business man is a matter for argument among students of the social and economic phases of agriculture. There are those who argue that farming is not a business but a way of living and that those zealous friends of the farmer who have tried to make him a business man have contributed to his present plight. While this is an extreme view it can not be denied that the division of labor that is common to urban centres has not adapted itself so well to agriculture. When wheat was selling at $1.75 a bushel, farmers in Western Canada were shipping their wheat to European markets and buying bread at city bakeries. And this purchase of bread was merely the highlight of a general practice of growing profitable crops for export and using the cash proceeds to buy most of the necessities of life, including food, clothing and fuel. In some areas of the West, suitable for only a single crop, there was no other choice for the farmer. But generally speaking there is a difference between the Western farmer, scanning the daily reports on Liverpool prices, conducting extensive banking operations in connection with his crop, utilizing the most modern machinery, reaching out for larger acres and borrowing money from insurance companies; and the pioneer Ontario farmer who cleared his land without assistance, found his food, shelter and fuel on the spot, who even provided his own clothing from his own sheep., and never worried about the mortgage collector.

Diversification of the farm income is not in itself a certain way to guard the farmer against the shocks of world economic movements. Diversification is significant chiefly as an evidence of an attitude toward the job; the attitude of considering farming as a way of living. The farmer who specializes in cash crops, who operates on borrowed capital, who turns his 320 acres into a miniature factory to supply other people with food in return for books, radios, automobiles, clothes, coal, canned goods, and the myriad other articles of modern commerce is primarily in business. The measure of his success will be largely the extent of his ability as a business man, although good times like the war and post-war years will make even the poor farmer prosperous while times like the present may run many good farmers into bankruptcy.

The next 50 years will probably see a tendency away from farming as a business. This will not prevent the development of large scale stock farmers and 2,000-acre wheat farms run by business men who will probably be graduates of the farm colleges, but there will be fewer small farmers attempting to operate on the same scale as these large factory farms, although they may well adapt many of the methods to their smaller interests.

If during the next generation, the farms of Canada can be got largely out of debt, if they can be made more self-supporting, if inflated land values can be properly written down, if we can learn to measure the standard of living on the farm more in terms of human comfort and social development than in the dollars and cents of complicated bookkeeping systems, there will be a sounder basis for stable prosperity in the whole country.

DR. MANION DISCUSSES RAILWAY PROBLEMS

TWO addresses on railway matters were delivered in Toronto in one day by Hon. Dr. R. J. Manion, minister of railways. One was purely a political speech and the other, being addressed to an audience of men interested in many branches of transportation, was an attempt to be quite non-partisan. But Dr. Manion, whether he speaks as a Tory or as the minister of railways, is taking the Canadian people to school on the railway problem.

Dr. Manion blames the railway problem on the late King government which permitted the Canadian National Railway management to run unchecked in expenditures, which ran its debt up by over $400,000,000. He suggests that with the inclusion of the C. N. R. debt increase the Liberals left office with the country owing much more than when they came in. In thus recognizing that every dolllar owed by the C. N. R. is a dollar owed by the taxpayers Dr. Manion has hit upon something that politicians have been slow to appreciate. The public accounts brought down by Dr. Manion's colleague, the minister of finance, the other day did not include the C. N. R. debt as part of the debt of Canada nor the deficit on the C. N. R. as part of the national deficit.

The minister of railways, in his partisan speech, declared that railway overbuilding in Canada was initiated during a Liberal régime but in his non-partisan address he took a slightly different tack. He said that while the politicians had often been blamed for the building of the two additional transcontinental railways it should not be forgotten that they were planned and built by railway men. He overlooked the third group of culprits in the railway tragedy—the promoters and contractors who sought juicy profits on the actual construction work and were little concerned with the ultimate fate of the lines.

Even when he was discussing the On-to-the-Bay Association (which he did not mention by name) Dr. Manion did not refer to the promoters and contractors. He might well have done so. It is very easy for would-be contractors to get associations of one kind and another to pass resolutions and form deputations to boost a route. But it is more difficult for those associations to provide traffic to make the railways a success.

Dr. Manion was not particularly happy in his reference to the T. and N. O. Railway. In fact he was explicitly inaccurate, for he made the statement in Toronto that this line last year not only earned its expenses and interest but turned over nearly a million dollars profit to the Province of Ontario in addition. The truth of the matter is that the T. and N. O. paid over $850,000 on account of interest charges totalling about $1,500,000.

But while he occasionally displays that fiery partisanship that was more marked before he came into office than it has been since, and while he is sometimes inaccurate and more often incomplete in his statements, Dr. Manion is doing more to educate the people of Canada to the implications of our railway problem than any previous minister in recent years. He has no easy task although it must be said that some revelations that are coming out regarding Sir Henry Thornton and his regal entourage are preparing the public's mind for the drastic expense-purging that is necessary in the National system.

BOOT-STRAP RESOLUTION PASSED IN MANITOBA

THE legislature of Manitoba did itself little credit by a pre-election performance the other day. With its ill-fated savings offices not yet decently interred, with an investigation into the cause of their failure still in progress, and with a winding-up of the affair still ahead of it, it passed, by a substantial majority, a resolution in favor of the establishment of provincial banks, which had been moved by a labor member.

The idea back of that resolution is one which has been exploited on a number of occasions in the West, and used to attract attention in Alberta until the U. F. A. government succeeded to power and refused to have anything to do with a plan which had been advanced by some of its radical-minded members. It is really a scheme for the easy creation of money. Let the Finance Department of the Dominion Government, so it runs, extend to the provincial governments the privilege of obtaining Dominion notes in return for the deposit of securities. By issuing enough of its own bonds a province might thus obtain enough money to provide the capital for a bank, establish the bank, and proceed to issue the provincial bank's own currency for an equivalent amount, and when more is required repeat the process. Meanwhile, every one who needs money could obtain all he wants by borrowing.

The absurdity of the whole idea is sufficiently obvious to need no refutation. It is not to be supposed that the Manitoba Legislature really desires to embark upon such a scheme of inflation, or that after recent experience it is really convinced of the favorable future of a provincial bank. Nor can it be ignorant of the fact that under the country's constitution control of banking and of currency matters is entrusted to the Dominion government, and no way has been provided for allowing one province to set up a banking and money scheme of its own. Consequently it is to be doubted if there was any serious intention behind the support of the resolution, for which there voted a majority of the government itself and most of its supporters in the House. Perhaps, indeed, there was the idea that the resolution was harmless.

But a willingness to be absurd, or to appear insincere, does not add to the respect in which legislatures are held, already somewhat impaired. And by sending a message of this character to Ottawa the legislature of Manitoba will impair the force of any representations which it might at other times have occasion to make.

OPENING OF NAVIGATION

NAVIGATION on the St. Lawrence is in full swing; ocean-going steamers are ploughing their way up to Montreal from all parts of the world; derricks are unloading cargoes at the docks and the spouts of the Harbor Commissioners' elevators are pouring a yellow stream of grain into empty bottoms. Good times, bad times, there is hardly a corner of Canada that does not feel the pulse-beat of this great trade artery when the ice moves out of the river and leaves a clear channel for shipping.

When the first vessel of the season makes fast in the Port of Montreal every substantial organization in the Dominion is directly or indirectly affected. The sound of its whistle echoes in plants and warehouses all over the country; its hoarse call travels up through the Great Lakes and permeates the prairies. It cannot be ignored, for a clear channel in the St. Lawrence means that again Canada is able to use one of her greatest assets in world trade, that great river which links Fort William with the seas.

Economic chaos, disrupted trade, unemployment and depreciated currency do not hinder the opening of navigation. Since time was, the winter's ice has given way to blue water about this time of year; the steady pounding of tramp steamers forging up the river is a sound which lends stability to these unsettled times.

RAILWAY PASSES

RECENTLY in the House of Commons Senate, Hon. F. B. Black raised his voice in protest against the pass system on Canadian railways. The question has often come up, particularly in railway towns where the local merchants object to paying taxes to meet Canadian National Railway deficits when the local C. N. R. employees travel free to the nearest large cities to do their shopping instead of leaving their dollars "at home."

Passes to employees on the railways are rather closely regulated and are in the nature of a long service reward. According to the regulations, as outlined by Senator Black, no employee gets a pass, except on duty until he has served a year. Then he gets three limited passes a year. He progresses by easy stages until after twenty years he and his wife enjoy a pass good all over the country. It may be that the regulations are too easy and should be tightened up in the interests of economy. But while the complaints are usually offered against the use of passes on the Canadian National it should not be forgotten that the same regulations are in force on the C. P. R. which is not often accused of throwing away its money unnecessarily.

Senator Black feels equally keenly about passes to newspapermen. The newspapers should be paid for the publicity and advertising they now give free of charge, contends the senator.

The railways are rather generous in the matter of granting passes to newspapermen. The theory of the system has apparently been that it is good railway promotion work for the men and women who are writing about Canada to see as much of the country as possible. As newspapermen and women travel and write they bring different places and different areas to the attention of the public and create a general desire to travel. But the senator errs when he states that these passes are granted as an offset to free advertising and publicity. A large part of the advertising published by the railways is paid for in cash. The balance is paid for by contra-accounts against which the railways draw transportation but it is purely a bookkeeping transaction in each case. The tickets issued under these contra-accounts are not passes in any sense.

The passes issued to newspapermen are not charged against any publicity that the papers may run. It would be highly improper for any newspaper to swap so many columns of C. N. R. or C. P. R. news column or editorial publicity for so many miles of transportation. Most newspapermen try to treat the railways fairly; the railways try to be fair to the newspapers. If the railways hoped to use the system of passes to buy newspaper support they have failed miserably for both the C. P. R. and the C. N. R. are under fire in some paper or another every day in the year. But the simple truth is that the passes are not subsidies but are designed to encourage travelling by the people who can write about places and things.

The railway commission may report its views on passes. An independent expression of opinion from that body would be useful.

POST-scripts

RECENTLY a salesman for The Financial Post called at the office of the Regina branch of a Winnipeg company. It was early in the morning but the manager was not in.

"I'll wait until he comes in," said the salesman. "It's early yet."

"Oh, but he's been in and he's gone out for the day," explained the office girl.

This brought out the further explanation that this Regina business man comes down to his office at 6 o'clock every morning, spends three hours cleaning up the routine office work and then is ready at 9 o'clock to spend the whole day selling.

This is the spirit in which to meet depression.

A VISITOR to the office of a large corporation executive found him busy poring over some papers. Since the executive was president of several large companies it was evident that a deal of major importance was under consideration so the visitor sat with bated breath waiting for something to happen. Finally the executive pushed back his chair with a sigh, wagged his head mournfully, and threw a sheet of paper across the table. It was not covered with computations of six figures; in fact it proved to be nothing more than a household budget with little spaces for meat, groceries, milk, rent and so forth. "This is the last straw," he groaned. "For the past two years I've been battling to balance my companies' accounts and have managed to do it successfully but when it comes to this," and he pounded the family budget with vigor, "I'm goldarned if I can see how it can be done."

TORONTO has been the centre of some heated theatrical controversy recently. Three stars of the headlines—one famous and the others merely notorious—have been to the city and have been disappointed in the crowds who stayed away. One was Ethel Barrymore, reviving "The School for Scandal." Miss Barrymore said very curtly that Toronto apparently did not appreciate the classics but she probably meant that Toronto did not appreciate her. To some extent it was her own fault. "The School for Scandal" is old stuff to most Torontonians. The city is getting just a little tired of revivals. And her production was not well advertised. The first night audience was only fair and those who were present were able to sense in Miss Barrymore's acting an obvious feeling of resentment of this fact.

Then came Jean Harlow, called a platinum blonde, whatever that may mean. Her fiasco threw at least one firm into bankruptcy. If Toronto's good taste was not proved by its attendance upon Miss Barrymore it was proved by its staying away from Jean Harlow's show.

The third person to prove a flop in Toronto was Max Schmeling, who holds some sort of ranking as the world's champion boxer. He came not to see or to conquer but to be seen in a little shadow boxing with his sparring partners. Few turned out to look at him although 14,000 people (the capacity of the city's biggest arena) would have turned out to see him really box.

Toronto is an average city in most respects and a little above the average in its appreciation of things artistic. Toronto is, too, the focal centre of amusement and art for most of Ontario. Those who find Toronto lukewarm can only blame themselves. In a commercial sense, the market is there to be tapped but any advertising man in Toronto can confirm two things: for the benefit of Schmeling and Harlow, that no product lacking in merit can be put across in the city even with an avalanche of publicity; and for the benefit of Barrymore, that a good product can not be put across without good merchandising.

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

KEY TO WORLD RECOVERY

RELIEF from world depression will come first from Britain and the countries that look to her for financial leadership. This is what John Maynard Keynes, eminent Cambridge economist, argues in the current Atlantic Monthly. But he confesses that even this is a dim hope. A year ago the world's immediate problem was how to lift ourselves out of the slump. Today the problem is how to avoid a far-reaching financial crisis. "There is now no possibility of reaching a normal level of production in the near future," says Mr. Keynes.

Mr. Keynes, in his article, gives some comfort to those who feel that a campaign of spending can bring the world out of the crisis. It would, he apparently thinks, be a properly applicable antidote to deflation and the rush for liquidity that is causing the collapse to feed on itself.

Mr. Keynes holds that in the present crisis we have an extreme example of the disharmony of general and particular interest. He says:

"Each nation, in an effort to improve its relative position, takes measures injurious to the absolute prosperity of its neighbors; and, since its example is not confined to itself, it suffers more from similar action by its neighbors than it gains by such action itself. Practically all the remedies popularly advocated today are of this internecine character. Competitive wage reductions, competitive tariffs, competitive liquidation of foreign assets, competitive currency deflations, competitive economy campaigns—all are of this beggar-my-neighbor description. For one man's expenditure is another man's income. Thus, whenever we refrain from expenditure, while we undoubtedly increase our own margin, we diminish that of someone else; and if the practice is universally followed everyone will be worse off. An individual may be forced by his private circumstances to curtail his normal expenditure, and no one can blame him. But let no one suppose that he is performing a public duty in behaving in such a way."

* * *

YET the author of "The Economic Consequences of the Peace" discerns elements of hope in the surrounding gloom, the outstanding one being the fact that the system has shown already its capacity to stand an almost inconceivable strain.

He considers Britain's abandonment of gold "a most blessed event" for it has stopped the decline of prices in those countries whose fortunes are linked to sterling—a very considerable proportion of the world. This means a great abatement of deflationary pressure. Today "Great Britain is decidedly the most prosperous country in the world."

This partitioning of the countries of the world into two groups—the on-gold and the off-gold countries—has begun the process of restoring economic equilibrium, by undermining the creditor position of France and the United States, the two leading creditor and gold countries.

* * *

PROF. KEYNES' outline of the possible sequence of events to come is this, in brief: the deflation will wear itself out before the point of catastrophe and general default is reached; with the easing of pressure the era of cheap money will come; it may be necessary for governments to start things going by undertaking new works; cheap money will bring new investment.

* * *

VIEWING affairs from a different vantage point Sir James Lithgow, retiring president of the Federation of British Industries, in his annual address, discusses the new British tariff and the urgent necessity for further economy in public finance in Britain. The F. B. I. was in no small measure responsible for the imposition of tariffs in Britain and it is, for that reason, enlightening to observe the high sense of responsibility to the consumer and the nation that the British industrialist feels. Sir James says:

"There is general agreement that if our new protective system is to be used by industrialists as a shelter behind which they may pursue wasteful and inefficient methods with advantage to themselves, they will stand self-condemned, and ought to be deprived of such protection.

* * *

SIR JAMES takes issue with those who try to stuff high taxes down the throats of the people by coating the pill with patriotic appeals. He makes no demand that the public take its burdens "without squealing" but he says:

"To my mind the recent talk of equality of sacrifice is apt to lead to misconception, and to give those unconnected with trade a wrong impression of the effect of the demands made by the last budget. It is the equity of the sacrifice rather than the equality of it that requires to be emphasized."

* * *

HIS appeal is one that might well be directed by the Canadian people to their own political leaders:

"The aim of good government must be to stimulate every section of the people to do the maximum for themselves rather than to leap upon the state. Industry can do much to strengthen the hand of an administration which adopts that aim.

"Severe curtailment of the scope of most departments and abolition of some is necessary to our complete recovery. That is not the task of a day, nor even of a year. Let us remember the false hopes which weakened our war efforts. Let us see to it that the task is persevered in and carried out without the necessity for another shock or crisis."

In the Mail

Experience With Stocks

Editor, The Financial Post,—

As a weekly reader of your excellent paper, I felt it would, in these days when the majority of people seem to be able to do nothing but find fault with all and sundry, do no harm to say a word of praise for the policy which you follow in dealing with your correspondents as to investments.

I refer particularly to the article, "Selections of Securities Must be Personal Matter," in your issue of April 9. I read this article with great care, and can, from my own experience, in a modest way, subscribe fully to all that the writer of this article says. It would be futile, when one takes into consideration the world-wide unsettlement, to pick out any group of stocks which would stand up for the next decade without impairment of their financial structure.

In the fall of 1927 I had my first experience with the stock market, starting in on the Standard Stock and Mining Exchange. I was a staunch reader and believer in The....... Well you can guess the rest. The policy of investments suggested to me through different brokers was just the opposite of that you lay down in the article. I have mentioned. Investors in mining stocks since the "clean-up" cannot appreciate the debt they owe to your newspaper in waging persistent warfare on the dishonesty which was rampart on all sides. No green investor could possibly come out on the right side of the ledger with a system that predicted for raw prospects the future (and that a near one) of a Lake Shore or Noranda.

Well, after the turn of 1930, I took a survey of what I had left for my money, and came to the conclusion that if I was to continue to sink my spare cash in stocks I would have to make a radical change in my attitude of approach. I have done so, and two years ago I commenced reading your paper, which I have bought each week from a street newsboy.

And, although, as you know, these are not days for most men to invest money in stocks, or anything else, for that matter, I can say that I am satisfied with what progress I have made, and feel that when the prosperity, which is "just around the corner" arrives, I shall be well away, and will be convinced I am on the right road. I have learned many things from your articles, which I find sound and logical.

INVESTOR.

Toronto,
April 14, 1932.

We Have Already Spoken

Editor, The Financial Post,—

To my mind, the cost of government in Canada is entirely too high. We know the government is constantly extending its grasp into the field which properly belongs to private enterprise. There is a case in point right now. The government is trying to take control of radio broadcasting, and the matter is receiving the assistance of the press. Of course, the press wants to curtail radio advertising with the thought that it means more newspaper advertising. I think you should protest the matter vigorously. After the public had been well milked by dishonest mining brokers, you were the first publication, to my knowledge, to take up the cudgel on behalf of the public. I know it must have cost you a good many broker's advertising. I admired your actions in the past, and am wondering if you are big enough to come through again.

READER.

Carleton Place, Ontario,
April 18, 1932.

Likes Year Book

Editor, The Financial Post,

I have now had time to peruse The Financial Post Business Year Book and as promised, write to let you know that I have received much interesting information from its pages.

During my 17 years with The Canadian Bank of Commerce I developed into a Canadian man and so may be considered to have lived my business life in two worlds—the old and the new. Since coming back to my homeland I have appointed myself an unofficial Canadian advertiser and although I feel every confidence in speaking of Canada as a land of promise I stress also the point that it is a land of achievement.

When speaking of Canada in the latter rôle, your Year Book is of great assistance. Doubters are more easily convinced when one can quote chapter and verse so easily by referring to the very useful and complete index.

To me your Year Book is like its subject "Canada." I can find no fault with it and so cannot suggest any improvement.

GEO. RUSSELL.

London, April 19, 1932.

Business Men and Ministers

Editor, The Financial Post, —

In a recent front page editorial, you rebuked the Reverend Charles Gordon for some opinion of his regarding the advisability of some kind of central economic council for the country on the ground that as a clergyman, he would know little about such matters, and that in any event, he was stepping beyond his proper field in giving voice to such an opinion.

I am not of the Reverend Mr. Gordon's faith, nor do I attend any church much, so that I have no particular brief for him or his calling, but your criticism was the usual sort of nonsense one hears from so many people nowadays when a priest of any kind does other than utter moral platitudes. Does the fact that a man belongs to any particular profession rob him of the right of an ordinary citizen to express his opinion on anything in the world that he feels like? As to Mr. Gordon's ability to give one on this occasion, I know nothing, but to do so he would only require a little knowledge of economics which an intelligent clergyman would be just as capable of acquiring as a business man, with probably more time and inclination than the latter to do so. Incidentally, a business man without some knowledge of economics is no more qualified to express such an opinion than a clergyman and my guess is that the percentage having such a knowledge is about equal in both callings.

ENGINEER.

Montreal.
April 15, 1932.

Editor's Note—If "Engineer" will re-read the editorial in question he will find that The Post did not "rebuke" Dr. Gordon for knowing little about such matters or for stepping beyond his proper field.

"Stop Me If You've Heard This One"

"I reckon," said the farmer, "that I get up earlier than anybody in the neighborhood. I am always up before 3 o'clock in the morning."

The second farmer said he was always up before then, and had part of the chores done.

The first farmer thought he was a liar, and decided to find out. A few mornings after, he got up at 2 o'clock, and went to his neighbor's house. He rapped on the back door, and the woman of the house opened it.

"Where is your husband?" asked the farmer, expecting to find his neighbor in bed.

"He was around here early in the morning," answered his wife, "but I don't know where he is now.'

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HOW MUCH OF YOUR OVERHEAD IS UNDERFOOT?

Business Conditions in Canada

The Week in Business

Prairie Soaking is Best Business News
Industrial Activity Also Quickens
Purchasing Power of West Up 38 p.c. in First Quarter

UNDOUBTEDLY the best news of the week is the heavy soaking which western prairies, parched from three years of drought, received over the week-end. Reports from crop correspondents were beginning to show pessimism during the middle of April, but the heavy snowfall and blizzard which hit Alberta during the week ending April 23 and which gave a thorough soaking to Southern Alberta and southwestern Saskatchewan over the past week-end should guarantee a satisfactory seed-bed at this critical time and if followed up by similar rains in the next two months will undoubtedly mean many millions of dollars to the West and Canada.

By actual measurement the week-end rainfall varied from .24 inches in Qu'Apelle district to 3.44 inches in Calgary and constituted between 80 and 90 per cent of the total rainfall which has fallen during April. It sounds like old times to hear press dispatches of farmers actually wishing for warm, dry weather again, to continue their seeding. And incidentally the report of our Winnipeg correspondent printed elsewhere in this issue throws valuable light on the conditions facing prairie farmers in the drought area this year. It reveals how the clay sub-soil which extends many feet into the ground is now acting as a Gargantuan sponge to suck up moisture as it falls, and that it will probably be several years before these hundreds of miles of bone-dry areas will again reach the point where they will cease to be a drain on the current rainfall.

* * *

INDUSTRIALLY, there is some comfort in resumed activity (even on a small scale) in iron and steel plants and the news that the Ford plants in Canada are now tuning up for a good May schedule. Perhaps the seasonal activity which has so far been considerably behind expectations will finally be realized. Increased activity is also noted at both the leading iron and steel plants although construction still continues to be one of the weakest spots in the national economy.

In the United States, expert commentators have within the past few days expressed themselves as exceedingly more pleased with the general outlook, and some of the most conservative now make the definite statement that if only the factors of recovery are allowed to operate without undue political interference for a few weeks, an upturn will come. "It is bound to be slow," they say, "but it will be certain. There is no longer any reason for panic terror."

* * *

FROM many sources, The Financial Post continues to hear of the encouraging improvement in collections which has taken place in the West. Some manufacturers even tell us that they find their western collections at the present time even better than they are in the central provinces. One reason for this is probably the fact that there has been some improvement in prices as compared with earlier months—a factor which becomes increasingly important in light of the substantially reduced costs of living which have been achieved throughout the West in the past two years and which make one dollar (if, as and when received) literally do the work of two.

Just what has been received by western farmers in recent months is clearly shown by the monthly compilation of moneys received by farmers at country stations as compiled by the W. Sanford Evans Statistical Service on the basis of wheat deliveries. These show that in the first quarter of 1932, nearly $15,400,000 has been received for wheat by western farmers which is a 38 per cent increase over corresponding returns in 1931. Of course 1931 was an abnormally low year but it is significant that in every month since September, 1931, the dollar value of returns to western farmers for wheat, have exceeded those of the corresponding month the previous year. The largest increase of the past five months was in March when $6,274,000 was received as against only $3,267,000 in March, 1931.

To date the total money value of returns for the current crop year still lags behind the corresponding figure of 1930 by $45,000,000, due to very poor deliveries in August and September, 1931, but the steady increase in returns since then is of first rate importance to those who are watching that market.

HIGHER OUTPUT FEATURED 1931 TOBACCO CROP

Decline in Prices More Than Offset Better Quality

Tremendous increases were recorded in the production of bright flue-cured and burley tobacco in Canada during 1931, according to an estimate of the size of the crop made by the Dominion Bureau of Statistics. A crop of over 24 million pounds of the bright flue-cured type is indicated compared with a crop of 12,384,000 lbs. in 1930, while production of the burley grade is estimated at nearly 19 million pounds compared with 13,287,750 lbs. for 1930. Most of the increase took place in the Ontario district.

Growing of dark air-cured and fire-cured tobacco continued its downward trend, and cigar leaf and Quebec pipe tobaccos showed marked decreases. Production in British Columbia more than doubled during the year.

Crop Conditions Good

The quality of the Ontario New Belt crop was better than ever before largely on account of the extremely favorable weather, but the Old Belt crop suffered somewhat from drought. Yield per acre was good. The Quebec cigar leaf crop suffered considerably from insect pests and disease.

Market conditions were unfavorable to growers. In the New Belt of Ontario, the bright flue-cured grade showed an increase in production and combined with the sudden fall in sterling in the autumn this caused a sharp drop in price from an average of 32 cents per pound in 1930 to an average of 21 cents in 1931, in spite of the improvement in quality of the leaf. Prices ranged from 30 to six cents a pound in accordance with quality.

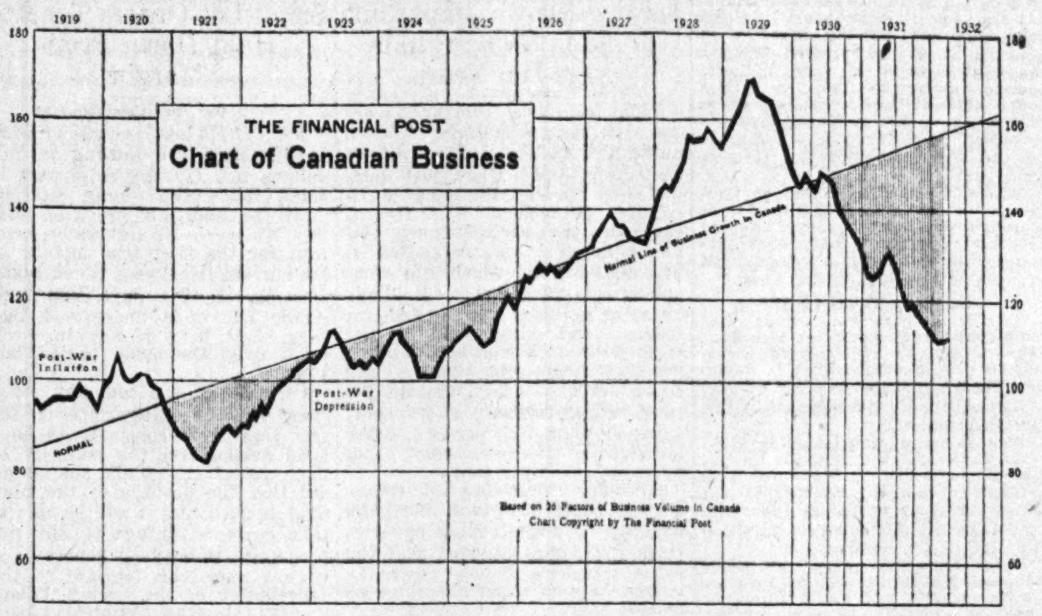
The export market improved during the winter with the result that by April less than a million pounds remained unsold. Nearly six million pounds of the crop is destined for the British market compared with less than two million pounds of the 1930 crop.

Burley Market Slow

The market for burley tobacco was affected by the same conditions, but lacked an expanding export market to absorb the increase in production. Prices fell from an average of 14 cents in 1930 to eight cents in 1931, and ranged from 15 cents to as low as two cents for varying grades. The market was inclined to be slow and some four million pounds remained in the hands of the growers, although about 2½ million pounds were sold for export.

Accumulated stocks of leaf and decreased consumption resulted in a poor market in Quebec. Only a small portion of the crop has been sold and at much lower prices than on 1930. There is practically no export market for the Quebec leaf.

Canadian Business Uneven in March



While business operations were uneven in March the index shows that on the whole a slight improvement was effected. The textile and iron and steel industries influenced the trend of the index, while the resumption of operations in the automobile industry was a favorable factor. Mining, construction and forestry showed recession, the new business obtained by the construction industry being at a low level for the month. The output of the power industry was more than maintained after adjustment for seasonal tendencies.

Imports of merchandise indicated acceleration in the inward flow of commodities, due partly to the greater demand for raw materials for Canadian factories and partly to the necessity of replenishing stocks where depleted inventories exist.

Gains Exceed Losses March Indices Reveal

Textiles and Iron and Steel Strong But Lumber, Mining, Construction and Bank Debits Decline

By SYDNEY B. SMITH

Business operations in Canada were uneven during March, a limited number of industries showing pronounced gains, while further recession in many lines acted as a counterbalance. The Financial Post business index was 111.0 in March compared with 110.8 in February, the meagre nature of the increase emphasizing the comparatively stable tendency in Canadian production during the first quarter.

The index is composed of twenty-six factors contributing to the business progress of Canada. These are expressed in terms of physical volume and individually adjusted for seasonal tendencies. The method introduced by the Harvard Economic Service was used for establishing the normal month-to-month trend, the post-war period being examined as a background.

Algoma Steel More Active

Several industries effected sharp gains over the low levels of February. Operations of the primary iron and steel industry indicated a distinct pickup in March. The output of 17,989 tons of pig iron showed a pronounced gain over the 10,507 tons produced in February. The output of steel ingots and castings at 43,572 tons showed a gain of no less than 15 per cent over February after seasonal adjustment. The blowing in of a blast furnace by the Algoma Steel Co. accounted in large measure for the increase in the output of iron. A considerable rail order from the Canadian Pacific Railway was the occasion of the increased activity.

The output of 8,318 motor cars also represented a considerable degree of resumption by the automobile industry. The gain after seasonal adjustment was about 24 per cent and the peak of production will probably be later this year than usual in view of the inactivity during the greater part of the winter.

The gain in imports of textiles in the raw state for consumption in domestic factories was one of the features of the month. Imports of raw cotton were 10,212,000 pounds compared with 7,074,000 in February. The gain after seasonal adjustment was nearly 22 per cent. The gain in the imports of raw wool was even more pronounced. The receipts from other countries was 1,829,000 pounds compared with 513,000 in February. While imports of raw wool are normally heavier in March than in any other month of the year, the gain between February and March in this case was greatly in excess of seasonal tendency.

While these signs of the resumption of activity in the steel and textile industries may reflect temporary conditions, the gain over February tended to steady the trend of industry generally at the end of the first quarter.

The manufacture of sugar was 51,876,000 pounds in the third four-week period of the present year. The gain over the 25,681,000 pounds in the second period was much greater than the seasonal increase. Operations of the flour mills were at a low percentage of capacity during the first two months of the year, the last month for which statistics are available showing a moderate decline.

Rubber Less Than Normal

The imports of crude rubber and petroleum showed gains in March but the increases were less than normal for the season. Imports of crude rubber were 5,797,000 pounds compared with 3,859,000 but seasonal adjustment gives a decline of about 6 per cent. Imports of crude petroleum suggestive of operations in the oil industry were 67,635,000 gallons compared with 48,583,000 in February, but a slight decline would be indicated after seasonal adjustment.

Slaughterings of hogs, lambs and calves were relatively heavy during March, exceeding the records of the same months in the two preceding years. Except in the case of sheep and lambs where a gain was shown the comparison with the preceding month after seasonal adjustment was not so favorable.

The export of boards and planks was 77,552,000 feet compared with 60,445,000 but the gain was less than normal for the season. The production of newsprint was also of moderate proportions, output being 166,800 tons compared with 158,500, in February.

An index of manufacturing at 123.3 compared with 119.4 in February, showed a moderate gain in March.

The output of the mining industry according to preliminary indications was considerably less in March than in the preceding month, although employment in the industry after seasonal adjustment showed a moderate gain at the first of April. Exports of the principal metals showed a decline in March. Shipments of gold at 211,000 ounces was less than the February level after seasonal adjustment. The index of the mining section was 136.1 in March compared with 160.4 in February.

The records of the construction industry in March point to comparative inactivity during the present season. Contract awards were $10,766,700 compared with $14,802,600 in February, whereas a considerable gain would have naturally been expected from seasonal causes. Building permits in March were 3,324,000 compared with 2,579,000 in February, but the gain was far less than seasonal expectations. The scarcity of loanable capital at reasonable rates is acting as a deterrent against building expansion.

Employment in retail and wholesale trade was practically maintained after seasonal adjustment. Imports showed a marked gain in March while exports increased less than normal for the season. Neither did carloadings at 182,678 show a pickup commensurate with seasonal tendencies.

The decline in bank debits after seasonal adjustment was more than 6 per cent and the index of industrial employment after seasonal adjustment was 92.7 on April 1 compared with 93.2 on March 1.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1932	1931	Cumulative Jan. 1 to date 1932	1931
Transportation—				
Car Loadings (Apr. 16)	41,509	49,714	616,557	702,872
C.P.R. gross earn. (Apr 21) $	2,063,000 $	2,841,000 $	34,521,000 $	43,078,000
C.N.R. gross earn. (Apr. 21) $	2,690,499 $	3,531,682 $	42,451,439 $	52,565,409
	Monthly			
C.P.R. net earn (Feb.) .. $	229,434 $	267,238 $	846,918 $	1,129,486
C.N.R. net earn. (Feb.) .. $	‡589,428 $	170,548 $	‡1,177,551 $	682,477
Iron and Steel—				
Pig iron, tons (Mar.)	17,989	57,100	38,801	139,097
Steel, tons (Mar.)	43,572	99,341	97,101	239,576
Automobiles prod. No. (Mar.)	8,318	12,993	17,526	29,353
" exports, No. (Feb.)	414	1,596	996	4,691
Construction—				
Building Permits (Feb.) .... $	2,578,597 $	6,395,659 $	5,430,526 $	14,797,115
Contracts (Mar.) .... $	10,766,700 $	27,311,800 $	38,307,600 $	73,541,000
Newsprint—				
Production, tons (Mar.) ...	166,758	192,274	490,330	539,899
Exports, tons (Mar.)	171,650	200,545	487,008	498,143
Sugar—				
Imports, raw, lbs. (Feb.) ...	24,368,700	43,569,500	36,354,400	66,686,300
Manufactured, lbs.*	51,876,286	55,588,555	§105,448,206	123,180,425
Flour—				
Production, bbls. (Feb.) ..	842,123	1,035,383	1,698,315	2,121,655
Wheat flour exp., bbls. (Mar.)	414,779	560,553	1,084,098	1,367,582
Other Industrial Indices—				
Lumbering: Plank & board exports mill ft. (Mar.) ...	77.55	94.46	191.85	223.89
Boots & shoes, pr. (Feb.) ...	1,558,418	1,276,965	2,670,605	2,261,889
Petroleum, imp. crude, gal. (Feb.)	48,582,747	61,696,245	121,311,390	120,671,240
Cotton, imp., raw, lbs. (Feb.)	7,074,000	5,889,000	13,602,000	15,541,000
Rubber, raw, imp., lbs. (Feb.)	3,859,283	4,315,656	7,770,689	8,144,186
Coal, imports, tons (Feb.) ..	508,696	830,609	1,138,329	1,623,435
Trade—				
Imports (March) .... $	57,437,184 $	75,380,878 $	127,137,776 $	176,743,280
Exports (March) .... $	39,749,307 $	55,048,197 $	114,547,061 $	148,538,762
Wheat exports, bus. (Mar.).	9,921,634	12,995,567	29,292,343	32,901,022
Labor—				
Employment Index (Feb.) ..	88.7	100.2	......	......
Electric Power—Output—				
M. Kilowatt hours (Feb.) .	1,329,784	1,338,987	2,749,333	2,827,708
Finance—				
Failures, No. (Feb.)	221	188	459	428
Failures, Liabilities (Feb.).. $	3,650,728 $	4,789,701 $	7,711,728 $	8,760,380
Bank Debits (Feb.) ...... $	1,990,046 $	2,534,913 $	4,061,080 $	5,203,238
Bond sales (March) .... $	35,667,127 $	43,302,612 $	102,854,282 $	190,562,188
Insurance sales (March) ... $	37,467,000 $	46,945,000 $	112,948,000 $	128,313,000
Automobile Financing:				
Used cars (Mar.) .... $	917,539 $	1,653,402 $	2,531,703 $	4,380,306
New cars (Mar.) .... $	1,036,442 $	1,889,774 $	2,396,854 $	3,720,330

*Four weeks' period, Mar. 5 to Mar. 26. §Jan. 1 to Mar. 26.
†(000's omitted).
‡Deficit.

BUILDING IN MARCH DROPPED 66.6 P.C.

Permits Issued During First Quarter Hit Twelve Year Low

Building permits issued by 61 Canadian cities during March amounted to $3,323,602 compared with $2,578,597 in February and $9,948,979 during March, 1931, according to a report published by the Dominion Bureau of Statistics. Thus the increase over February in permits issued, was 28.9 per cent and the decrease from the aggregate amount of permits issued in March, 1931, was 66.6 per cent.

Increases in building authorized during March were reported by New Brunswick, Quebec, Ontario, Saskatchewan and British Columbia as compared with February but decreases were registered in the remaining provinces. All provinces recorded decreases, however, as compared with March, 1931.

The table below clearly indicates the heavy decrease in construction this spring compared with preceding years:

Building Permits Issued by 61 Canadian Cities

Year	Permits Issued in March $	Permits Issued in First Quarter $	Index of Wh'sale Prices of Bldg. Materials
1932	3,323,602	8,664,128	79.3
1931	9,948,979	24,746,094	83.3
1930	13,356,787	29,498,262	96.6
1929	24,068,018	42,950,228	100.1
1928	15,128,413	33,163,338	96.6
1927	11,713,640	25,028,353	97.0
1926	10,634,491	22,493,574	102.0
1925	8,631,627	19,981,015	102.9
1924	9,493,620	18,047,999	112.2
1923	9,658,950	19,478,119	[illegible]
1922	10,615,531	18,680,173	108.0
1921	7,290,589	13,569,512	[illegible]

Canada Produced Cereals Worth $8,068,511 in 1930

Total output of breakfast foods and other cereal products in Canada during 1930 was valued at $8,068,511, exclusive of oatmeal and rolled oats which are produced in the flour milling industry, according to the first report issued on this industry by the Dominion Bureau of Statistics.

Plants producing breakfast foods exclusively reported a capital investment of $8,430,942 and produced goods valued at $6,599,442 at the factory. The industry is largely centred in Ontario where 94.6 per cent of the total output originates.

Exports of cereal foods during 1930 had a total value of $2,476,169 of which 98 per cent went to Great Britain and imports amounted to $264,474 of which 93 per cent came from the U. S. A. Net balance of exports over imports rose from $2,080,312 in 1929 to $2,211,695 in 1930.

Make 40 p.c. Fewer Cars In First Quarter of 1932

During the first three months of 1932, 17,526 automobiles were manufactured in Canada compared with 29,353 cars made in the first quarter of 1931. This is a decrease of 40.3 per cent.

Production of motor vehicles in Canada during March amounted to 8,318 units compared with production of 12,993 cars in March, 1931. Decline for the month was, therefore, 35.98 per cent.

March Auto Financing Amounted to $1,953,981

With the coming of spring the automobile business is becoming more active. The total number of cars financed in Canada during March was 4,805 as compared with 4,170 in February, and the amount involved was $1,953,981 in March, and $1,529,368 in February.

New cars financed were 1,611 in March, and 1,389 in February, while used cars financed were 3,194 in March and 2,781 in February.

Financing of new cars amounted to $1,036,442 in March and $727,705 in February. Financing of used cars amounted to $917,539 in March and $801,663 in February according to the Dominion Bureau of Statistics.

Business Briefs

Carloadings for the week ended April 16 amounted to 41,509 cars, an increase of 77 over the previous week, the index number, after adjustment for seasonal variations, being 72.38 for the week compared with 72.39 for the previous week. Merchandise loadings, at 13,986 cars, were 448 cars less than in the previous week and the index number for this class dropped from 83.90 to 80.98 for the week.

Wheat stocks for the week ended April 15, amounted to 176,668,609 bus. compared with 181,894,129 bus. for the previous week and 171,081,483 bus. for the corresponding week in 1931. Export clearances of wheat in the week ended April 15, amounted to 3,076,274 bus. compared with 2,366,098 bus. in the previous week and 3,858,794 bus. in the corresponding 1931 week.

Export of Wood Pulp and pulp wood has greatly decreased, the former in March being 97,363,600 pounds as compared with 127,744,200 in March of the previous year and the latter 33,878 cords as compared with 73,339. The general trend is to manufacture the raw product at home and send it out of the country in the finished form such as paper. The export of newsprint in March was 343,301,700 pounds, a gain over February of over 58,000,000 pounds. United States was, of course, the chief buyer of Canadian newsprint in March, but Japan, Argentina, Great Britain and Australia were also large purchasers.

Inventories of Lumber in various sections of Canada are still substantial and demand has been slow in developing this spring. Some mills are commencing part time operations but prices are below the 1930 level. Wages and the probable cut will also be lower than in 1930.

Newfoundland Cod Fish have enjoyed a favorable demand in foreign markets, according to reports, and stocks on hand have been diminished to such an extent that when the new fish are ready there will be almost no left-overs. It is stated that the outlook for the industry this year is better than for several seasons.

Potato Acreage in P. E. I. will probably be some 50 per cent lower than in 1931 because of the low prices. Potatoes marketed in March brought about eight cents a bushel.

Sugar Beet Acreage in the Raymond, Alta., district for 1932 will be increased about ten per cent over last year, total now being 13,220. Contract price has been set at $5 per ton, with graduating bonus depending on sugar content and price of sugar. Contract labor will be paid $18 per acre instead of $20, with a bonus of 65c per ton over a 10-ton yield.

Heavy Decline Recorded In Iron and Steel Output

Production of pig iron in Canada in March amounted to 17,989 tons compared with 57,110 tons in March, 1931. This brought production for the first quarter of 1932 up to 38,801 tons compared with 139,097 tons in the same period in 1931.

A substantial decline was also recorded in output of steel ingots and castings which amounted to 43,572 tons in March, 1932, compared with 99,341 in March, 1931. During the first three months of 1932, production of steel ingots and casings amounted to 97,101 tons as against 239,576 tons in the first quarter of 1931.

Flour Exports in March Continue Downward Trend

MONTREAL.—Exports of flour in March, 1932, totalled 414,779 barrels, compared with 560,553 barrels in the same month last year. Values were down nearly $600,000 at $1,468,770.

In the eight months ended March 31, 1932, exports of flour were 3,649,097 barrels compared with 4,937,020 barrels in the same period in 1931.

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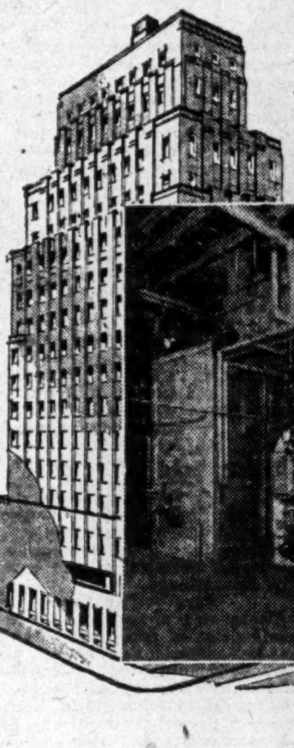
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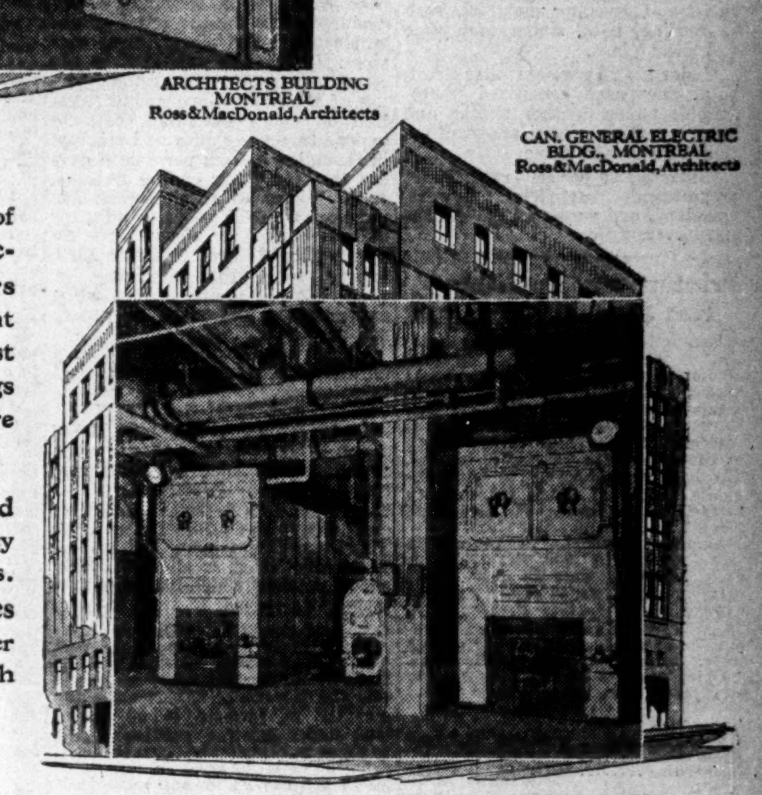
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BRITAIN RAISES IMPORT DUTIES TEN PER CENT

Rise in Sterling May Have Caused Sudden Change in Tariff

Reasons for the sudden increase of the ten per cent duty on imports into the United Kingdom to 20 per cent, which was announced on April 21, have not been given, but it would seem that the change has been made chiefly to offset the rise in sterling exchange since the introduction of the original duty.

Sterling in New York was quoted $3.45½ on Feb. 4 when the ten per cent duty was announced, at 3.48½ on March 1, on which day the duty became effective, and at $3.76⅞ on April 21, the date of the announcement of the increase of the duty to 20 per cent. Thus the rise in sterling during this period, amounting to 8.3 per cent of its value in terms of the gold dollar, and other gold currencies would tend to nullify the effect of the tariff by lowering the cost of foreign exchange to the British importer.

Empire Still Exempt

Exemption of goods from Canada and other parts of the British Empire is still part of the tariff, and this exemption should now be even more valuable to Canadian exporters to the United Kingdom because the Canadian dollar has followed sterling exchange quite closely. The whole matter of this exemption is tentative, pending the results of the coming Empire economic conference at Ottawa.

The principal features of the new tariff, which becomes effective April 25, is the additional duty of ten per cent, making 20 per cent in all, which is levied on most manufactured goods. On a limited number of other manufactured goods, for which a lower rate is deemed appropriate, total duty will be 15 per cent.

In addition, total duties on certain articles, of luxury or semi-luxury character, will be 25 or 30 per cent. This section is apparently supplementary to the McKenna duties, which remained in force under the ten per cent tariff, and which consist of a duty of 33 1/3 per cent on such articles as motor cars, musical instruments, and clocks and watches.

Displace Dumping Duty

These new regulations will displace the Abnormal Importations Act, which imposed duties of 50 per cent and which came into force last November, for a six months period only, mainly as a protection against dumping of goods on the British market, but also as a source of revenue. Most of the items which came under the 50 per cent duty will now be subject to the 20 per cent rate.

A separate duty of 33 1/3 per cent is charged on importations of semi-finished steel, as a protection to the British steel industry for a period of three months, until a more permanent schedule can be arranged.

Examination of the list of articles subject to the duties would indicate that the following are the types of goods of which export from Canada may be stimulated by these preferential duties: Flour, cereals and cereal foods, fresh and canned fruits and vegetables, milk powder, honey, canned salmon, timber, dowels, handles and other woodenware, paper board, kraft paper, wallboards, rubber footwear, agricultural machinery and electrical appliances. The tentative nature of the whole tariff measure makes any calculations as to specific results quite uncertain however.

Four Classifications

As an indication of the manner in which various types of goods have been segregated under the new tariff, the following may be cited:

Under the 20 per cent rate: Pottery, glassware, cutlery, machinery and tools other than agricultural machinery and electrical goods, textile manufactures, except yarns, apparel, boots, shoes, saddlery, harness, paper and paper manufactures, rubber and rubber manufactures, wood and wood manufactures, certain canned goods, vegetables, metal furniture and many other items.

Under the 15 per cent rate: Agricultural machinery and tools, and variety of building material, such as roofing, tiles, slates, and plate and sheet glass.

Under the 25 per cent rate: Fruit, pulp, unexposed sensitized photographic paper, leather trunks and bags, sporting guns, ammunition, sports goods and games.

Under the 30 per cent rate: Toilet preparations, artificial flowers, jewellery, and wares of goldsmiths and silversmiths.

Printing and Publishing Has $72,000,000 Output

Production in the printing and publishing industry in Canada in 1930 amounted to $72,013,000 as compared with $73,673,000 in 1929 according to a report just issued by The Dominion Bureau of Statistics. Capital invested increased 1.7 per cent to $66,861,000 as compared with $65,736,000 in 1929. The 1930 figures cover 776 establishments (1930) of which 293 were in Ontario. Saskatchewan has the second largest number, namely 139.

Average number of employees in this industry in 1930 was 17,063 or only 103 more than in 1929, while salaries and wages paid totalled $26,937,000 as against $26,407,000 in 1929. These figures cover the production of newspapers and periodicals which print their own publications.

Chief sources of revenue for the two years were as follows:

	1930 $	1929 $
Subscriptions, etc. ..	15,801,292	15,461,927
Advertising	43,913,858	45,966,586
Job printing	10,347,102	10,580,828

Liners to Visit Halifax

Ocean liners out of New York will continue to make Halifax their chief port of call during the 1932 summer cruise season and "stop over" privileges, enabling the passengers to remain in Nova Scotia for some weeks before returning home, will enhance the value of these cruises to the province.

The Nova Scotia government has already been advised of more than 40 cruises to the port of Halifax and there are definite indications that this schedule will be further increased before the liners commence to arrive early in July. During 1931, 30 cruise ships brought over 22,000 passengers to the port.

Hudson's Bay Co. Centres Administration in Canada And Finances in London

Shareholders Told Directors Are Well Pleased With New Policy

LOSSES IN 1931

Company's Sales and Profits Rise and Fall With Farm Prosperity in West

Report and accounts of the Governor and Committee of the Hudson's Bay Company for 1931 made in London on April 28, 1932, further elaborate the news already published in The Financial Post that the company had in the year ending January 31, 1932, a trading loss of £646,605 after depreciation of £199,588. Special provision of £131,698, including £69,325 provided against capital value of shares in subsidiary, associated and other companies and £62,373 provided for loss on sale and proposed abolition of buildings, raised the loss for the year to £778,303. Canadian figures have been converted at the par rate of $4.866 to the pound.

The company's general reserve account totalled £3,140,249, its specific reserve account £450,000 and its building depreciation account £962,548. This was after transferring a sufficient amount from the share premiums account to meet the loss of £778,303.

Total assets of £10,145,033 include fixed assets at £6,738,674, current assets at £3,164,825 and net advances to fur trade department since May 31, 1931, on account of next season's trade of £239,766. An amount of £1,098,244 is shown for "creditors, accrued charges, underwriting surplus, provision for contingencies and for loss on buildings to be demolished."

The assets of the company do not include 2,086,786 acres of unsold land vested in the company and £2,245,980 outstanding installments in respect of lands sold.

The report to the shareholders by the board of directors, signed by P. A. Cooper, Governor, states that all inventories have been written down to present-day values and provision made for old and unsaleable inventories.

During the year the company wrote off £62,373 for store buildings. The company's store at Lethbridge was closed and certain old buildings, which no longer were of use to the company and whose maintenance was costly, were dismantled.

Soil Holds Good Moisture

Several pages are given to an analysis of the agricultural, commercial and financial conditions in Western Canada. Interesting graphs apear in the report showing how the changing prices of wheat with reference to changing prices of wholesale commodities have affected the company. The stores department and the land department are dependent for their profits on the prosperity of the farming communities of Western Canada, which in turn depend upon the successful marketing of the wheat crop. As the Canadian farmer has to export three out of every four bushels grown, a larger proportion than the farmer in any other country, he is vitally concerned in the world's wheat situation. The Governor felt it to be too early to make a forecast of prospects of the 1932 harvest in Canada, either with regard to quantity or price. It was hoped that the heavy snows which had fallen would create reserves of moisture in the soil which, if still below normal in some districts, would be sufficient to give the new crop a good start. The price of wheat has fallen much more than the commodities which the farmer bought, which in turn reacted very severely on merchandising enterprises.

Higher Taxation Hurts

The burden of taxation which has fallen on the shoulders of those still in the position to pay taxes has notably increased, said Mr. Cooper, and had its effect on all business. This was due to the inability of the Dominion, provincial and municipal authorities, in spite of strenuous efforts, to reduce their ordinary expenditures in proportion to the fall of the income of the community. Moreover, they have been called upon to make heavy disbursements for the relief of unemployment and agricultural distress. One graph published in the company's report shows the bearing of Dominion Government taxation on every Canadian, both in expenditure per capita and receipts in Canadian dollars per capita during the five years ending Dec. 31, 1931. Where tax receipts were $42 per capita in 1926 and expenditures $37 per capita, the receipts ran up to a peak of $47 per capita in 1929, expenditures still remaining at about $34 per capita in 1931 while expenditures had risen to nearly $43 per capita.

There was, in addition, a heavy burden of provincial and municipal taxation.

Much Land Reverts

In 1931 the company sold 11,659 acres of land, while 43,710 acres reverted under cancelled sales. The company wrote 326,622 acres off. The town lots realized £2,706 as compared with £10,700 during 1930. The Land Department had to pay taxes amounting in all to £124,149 out of receipts which had been materially decreased.

Real Estate Sales Difficult

"It is clear that disposal of real estate in Western Canada will be difficult for several years to come," said the Governor. "Apart from the inability of farmers to buy more land under existing conditions, the position is complicated by the abandonment of large areas in respect of which the owners do not consider it worth while to continue to pay taxes. The pressure on the part of government and municipal authorities to sell these lands cannot fail to disturb the real estate market.

"The financial position of many purchasers of the company's lands is such that they can pay neither installments outstanding on their purchase price nor even taxes. The policy followed by the company, in common with most other large land owners, has been to show consideration to farmers who are in difficulties so as to allow them to remain on the land until better times come. This should enable them to resume their payments. It is not the policy of the company to grant general remission of installments due by purchasers as a class, but to consider each contract on its merits and to make in each individual case arrangements equitable in view of all the circumstances. It is satisfactory to note that there is a widespread disposition on the part of purchasers to meet their obligations wherever they can do so. At the same time proprietors should realize that at least one province has introduced legislation for granting protection to debtors by way of moratorium or otherwise.

"As a result of a close study of the tax situation made by the Canadian Committee, to which the Governor referred last year, it became evident that there was little hope of selling certain lands at a profit after paying taxes at the present rate. Approximately 326,622 acres have been written off and if later further areas appear likely to be unprofitable, they may have to be similarly treated.

"The question of taxation of unsold town lots is also a serious problem. As proprietors are aware, there is a large area owned by the company in the city of Edmonton. Arrangements were made with the city by which an exchange of areas was made, thereby consolidating the company's property in a locality which seemed to offer the best prospects of an ultimate profitable sale."

Splendid Stores Too Large

The majority of the stores owned by the company are situated outside the area which suffered most severely in 1931 from the drought. While every effort was being made to reduce overhead costs and especially the saving of expense in respect of buildings not likely to be required for business purposes, the administration of the large store buildings, in particular those buildings built from 1926-1929 at Winnipeg and Calgary, constitutes a problem which makes economical operation difficult under the present depressed conditions.

The company had in these two stores buildings and equipment second to none of their class in Europe or North America. They were, however, erected on a scale which assumed an expansion of the purchasing power of the surrounding communities at a rate more rapid than is likely to materialize. Purchases of property also were made in the neighborhood of certain of the stores, with a view to extending activities beyond the present scale. The board expects to operate these and other properties profitably, but did not anticipate that for a considerable time the profit on these stores would give an adequate return on the large amount of capital which is locked up in these stores.

More Control in Canada

The Governor states that the absence of satisfactory central administration in Canada contributed to the lack of success of store operations. Great progress had been made in the new policy of the company, namely, the decentralization of local operative management coupled with central control of broad lines of policy. Several changes have been made already in 1932 in managerial personnel with good results.

During the year a large part of the wholesale business of the company was discontinued.

Furs Fall in Price

There was a further fall in the world price of furs during the year and the operations of the year proved that the company's policy of disposing of its furs year by year and of not holding appreciable stocks has been in every respect the right one. Stocks of merchandise had been overhauled by the fur trade commissioner, Chief Factor Ralph Parsons. The inventories had been written down to current price levels, and systems of control instituted to prevent the accumulation of excessive and unsuitable stocks in future. Changes have been made in the management of several districts; posts have been re-grouped to eliminate unnecessary district offices, and new district headquarters have been established in areas which were receiving insufficient supervision.

As the country becomes opened up, considerable quantities of furs find their way to the chief cities of Canada through channels other than the company's organization. In order to ensure the inclusion of as many of these furs as possible in the company's collection, fur purchasing agencies have been operated for some time past in the principal Canadian cities. While the company's collections through its posts will continue to be important, it is hoped that an effective organization of fur purchasing agencies will result in a material increase of the total collection at a relatively small administrative cost. The board states that these and other measures, which have been put into force to meet changing conditions, do not involve any important capital expenditure.

Fur Supply Keeps Up

It is satisfactory to note that there is as yet no sign that the supply of furs is falling off materially as a result of advancing civilization. Obviously the prices obtainable for furs have a material effect on the inducement to the trappers to devote themselves to hunting, but, apart from this, the actual supply of animals fluctuates in cycles governed by obscure natural causes. The company is continuing its investigations into the scientific aspect of these cycles, and it is hoped that information may be collated which will have value in planning the fur trade operations.

Bearing in mind the very considerable increase in the quantity of furs produced by fur farms which, in the past year, amounted to about 20 per cent of the value, though not of the quantity, of the total Canadian output, the company has retained its interest in these activities. It owns a farm on Mingan Island, in the Gulf of St. Lawrence, and has also a controlling interest in one of the leading fur farms in Prince Edward Island. At the same time, it should be noted that the fur farming industry in Canada is at the present moment passing through a very difficult period, owing to the low prices obtainable for the furs, mainly silver foxes, which they produce. It is not proposed for the time being to extend the company's fur farming interests.

Many of the skins raised on Canadian fur farms are sold either to or through the company, and the fur purchasing agencies have been successful in obtaining a considerable volume of this kind of business.

Company Takes to Air

During the year the company had employed air transports on 16 routes. The advantages of employing aeroplanes will be closely studied. Northern Canada appeared to offer a favorable field for the development of this form of transport.

The group of companies in Newfoundland concerned mainly in the shipping and fishing industries were suffering from the adverse factors affecting those particular industries and from the difficult general situation existing in Newfoundland.

Re-organization under way would materially reduce the losses incurred in recent years and would ultimately make it possible to earn profits. Organization of a large fur trading company in which the company had an interest was being overhauled. C. M. Lampson and Co. the important fur trade concern with headquarters in London was operating on a profit-earning basis. The Hudson Bay Company holding was not a controlling one, but measures were being taken by the respective management to ensure that the affairs of the two companies would be conducted to their mutual advantage.

Expenditure had been reduced for the present to a minimum on the company's oil interests in Canada.

With reference to matters of organization, Mr. Cooper said: "In order that the effect of these changes may be appreciated, the methods of administration in Canada as they existed up to some eighteen months ago may be summarized. At Winnipeg there was an advisory committee without executive powers. The company had no general manager or other chief executive in Canada and the heads of the four departments communicated direct with the governor and committee in London. Since September, 1930, the Canadian committee has become an administrative committee charged with the control of the company's affairs in Canada. During the governor's visit to Canada, arrangements were made which, in the opinion of your directors and the Canadian committee, will enable the latter to administer freely on the spot the operations of the company in Canada, while the Governor and committee in London retain adequate control of policy and finance. A general manager, P. A. Chester, has been appointed as the company's principal executive officer in Canada. New heads have been appointed: to the Fur Department—Chief Factor Parsons—and to the Land Department—Mr. Joslyn."

Staff was reduced during the year and salaries to some extent. The matter of forming a separate Canadian company in order to segregate the company's stores in Canada had been delayed as conditions were not conducive to obtain local financial participation on terms that would have been fair to the proprietors.

INCOME AND SURPLUS ACCOUNT

	Jan. 31 1932‡ £	May 31 1931 £
Income:		
Loss on trading*..	465,905	761,744
Land dept., less taxes & cost of collect.	23,379	28,492
Transfer fees	208	456
	†442,318	†782,796
Expenses:		
Governor & comm.	3,950	6,387
Enquiry of special commit.	....	6,328
Auditors' fees	450	525
Archbishop of Rupert's Land	300	300
Net loss	447,018	746,336
Add:		
Trans. from divid. equal. acc.	....	300,000
Trans. from share prems. acc.	776,303	1,384,645
Prev. surplus	....	1,469
Less: Special provisions:		
Against cap. value of shs. in & advs. to subs. & affil. cos.	69,325	476,921
Deprec. of merch. & doubtful debts .	....	165,897
Bldgs., etc., deprec. account	199,588	296,960
Loss on sale of bldg.	62,373	....
Bal. carried forward	Nil	Nil

‡Including fur trade for year to May 31, 1931, other Canadian depts. for year to Jan. 31, 1932, and London for eight months to Jan. 31, 1932.

*After charging administration and other expenses in Canada and London and after providing for share of losses of subsidiary companies, less rents and dividends received.

†Deficit.

Working Capital

	1932 £	1931 £
Current assets	3,164,825	3,530,237
Current liabs.*	1,098,244	1,087,101
Working capital	2,066,581	2,443,136
Ratio	2.88—1	3.25—1

*Comprises creditors, accrued charges underwriting surplus, provision for contingencies and for loss on buildings to be demolished.

Canadian Car Cuts Dividend To 15 Cents

From Our Own Correspondent

MONTREAL.—Directors of Canadian Car and Foundry Co. have declared a dividend of 15 cents a share on the common stock placing the shares on a 60 cent annual dividend basis. The previous quarterly payment was 25 cents and previous to that the common shares were on a regular $1.75 annual basis.

The present dividend rate is in line with earning power indicated in the fiscal year ended September 30, 1931, when profits were equal to 65 cents a share on the common. In the previous year they had been equal to $3.89 a share.

Plants of the company are reported to be slack at the moment as a reflection of the decreased railroad activity and the necessity of restricting orders for new rolling stock to a minimum. No figures on earnings during the current year have been released.

The strong cash position was a feature of the last balance sheet of Canadian Car. Cash and Dominion of Canada bonds amounted to nearly $2,500,000 and miscellaneous investments were carried at $741,660. Working capital totalled $6,545,416.

MUNICIPAL DEBTS 6½ P.C. UP IN 1930

Have Increased 64 p.c. Since 1920 — Per Capita Debt Highest in B.C.

Bonded indebtedness of all Canadian municipalities, urban and rural, in 1930 was $1,209,645,181 on a total taxable valuation of $8,985,770,048, according to reports just issued by the Dominion Bureau of Statistics. The bonded debt compares with $1,135,022,889 in 1929 and $737,118,230 in 1920.. Total assessed value of taxable real property in 1919 was $6,028,012,649.

Of the total bonded debt in 1930, $1,089,963,269 was that of urban municipalities and $119,645,181 was the total for rural municipalities. The highest per capita debt of urban municipalities was in British Columbia where the average was $297, followed by Alberta with $273. Manitoba with $237, Ontario with $203, and Saskatchewan with $181. Urban municipalities in Quebec had per capita debt of $167; New Brunswick, $147; Nova Scotia, $124, and Prince Edward Island, $91.

Per capita debt of rural municipalitites in British Columbia was also highest at $110, while Alberta was negligible at 6 cents and Prince Edward Island had none. Manitoba rural municipalities had per capita debt of $48; Ontario, $64; Saskatchewan, $13; Quebec, $11; New Brunswick, $6 and Nova Scotia $5.

Robert Mitchell to Make Products of Apex Mfg. Co.

From Our Own Correspondent

MONTREAL.—Robert Mitchell Co. has been appointed manufacturer and sales distributor of products of the Apex Electrical Mfg. Co. of Cleveland, makers of electric washers, ironers, vacuum cleaners and electric refrigerators. The decision of the Apex Co. to have its products manufactured in Canada has resulted from the existing tariff and cost of exchange.

LIFE COMPANIES LARGEST HOLDERS OF U.S. MORTGAGES

Survey Shows Important Trend in Ownership in Past Ten Years

Life insurance companies are now the largest holders of farm mortgages in the United States, according to a survey just completed by the U. S. Bureau of Agricultural Economics. The figures cover only the year 1928 when total mortgage debt was estimated at $9,468,526,000 of which life companies held 23 per cent. Holdings by other agencies were as follows: federal land banks hold 12 per cent; joint-stock land banks, seven per cent; commercial banks, 11 per cent; mortgage companies, 10 per cent; retired farmers, 11 per cent; active farmers, four per cent; other individuals, 15 per cent; other agencies, seven per cent.

Although there has of course been a reduction in total mortgage holdings of most lending agencies since 1928, it is believed that the relative position of most mortgage lenders is now about the same as in that year.

"The rise of life insurance companies to first place and the decline of commercial banks to third place as farm mortgage lenders are emphasized by the bureau as outstanding features of the farm credit situation in the decade. Life insurance companies in the year 1920 held approximately 12.4 per cent of the total farm mortgage debt in that year, but they held 22.9 per cent of the debt in the year 1928, and the combined loans of the land banks rose from 4.3 per cent to 19.1 per cent of all mortgage credit during the same period. Commercial banks held 18.4 per cent of the debt in 1920, but held only 10.8 per cent in 1928.

Trend Began After War

"The general tendency has been a shifting of loans from "former owners," "other individuals," and commercial banks, to insurance companies, federal land banks, joint-stock land banks, and other agencies that specialize in long-term investments. This shift was especially marked during the early post-war years, when extensive funding of short-term loans was adding materially to the total volume of farm mortgages.

"Life insurance companies assumed the leading position as farm-mortgage lenders soon after 1921. Insurance loans followed a steadily rising curve after 1920, with successively smaller increases after 1924 until a peak was reached at the close of 1927 and a downward turn appeared in 1928 and 1929. Loans of the joint-stock land banks also rose steadily from 1922 to a peak at the beginning of 1928; they slackened the rate of increase during 1927 and turned downward during 1928 and 1929.

"There is marked variation, also, in the size of loans by the various lenders. Loans from insurance companies averaged $10,400 each in 1928; loans from joint-stock land banks averaged approximately $8,000; farm-mortgage company loans averaged over $6,200; commercial bank mortgages averaged nearly $4,600, and federal land bank loans averaged nearly $4,200. Of mortgages held by individuals, those held by retired farmers averaged largest, at an amount of $4,700 whereas those held by active farmers averaged smallest, at an amount of $3,276. Restriction of federal land bank loans to farms operated by their owners and limitation of the maximum amount loaned account in part for the relatively small average size of loans of about $4,200 reported for these institutions."

RAW FUR OUTPUT DECLINES IN VALUE

But Number of Pelts Produced Shows Increase in 1930-31

Canada's raw fur production of the season 1930-1 showed a greater number of pelts marketed than in the previous year. There was an increase in nearly all of the principal kinds of furs. The total number of pelts, comprising those of ranch bred animals and those taken by trappers. was 4,057,479, compared with 3,798,444 the year before. However, the total value of $11,604,407 was a decrease of 4½ per cent.

The silver fox, for the second season in succession, occupies first place among the fur producers of Canada the total value of the pelts for the season being $3,216,217, practically the whole of this amount being credited to the ranch bred fox. The number of silver fox pelts sold was 71,816 —more than double the number recorded for any one of the preceding four seasons. The average price per pelt was $44.78—the lowest average recorded within recent years for silver fox pelts.

Muskrat is next in importance to the silver fox with a total value in 1930-31 of $2,142,736, and is followed by white fox with $1,669,599, mink with $904,350, and beaver with $740,258. All of these kinds show increases in number of pelts, compared with the preceding season.

Other kinds of furs having a production in 1930-31 valued at over $100,000, are red fox, ermine, marten, patch or cross fox, coyote, lynx, otter, badger, fisher or pekan, and skunk.

Ontario was first among the provinces in order of value of raw fur production with $2,188,586, but there was a difference of only $82,478 in value between it and the province of Quebec. The Northwest Territories was third in order of value with a total of $1,872,397, and Saskatchewan and Alberta are next, the former with $1,132,718, and the latter with $1,118,059. The other provinces fall below the million dollar mark.

OUTPUT OF GYPSUM DOWN IN FEBRUARY

Output Records Sharp Drop from Same Month in 1931

From Our Own Correspondent

MONTREAL. — Production of gypsum in Canada in February, 1932, showed a sharp reduction compared with output in the same month a year ago. Production in February of this year was 5,454 tons compared with 19,162 tons in the same month in the previous year, and was slightly lower than output in January, 1932, when it totalled 5,762 tons. No crude gypsum was exported from Canada during February; in the preceding month, 60,000 tons were exported to the United States.

Figures of production reflect the situation surrounding Gypsum, Lime and Alabastine, Canada. This company is one of the major producers in the Dominion and earnings last year at $551,606 compared with $798,382 in 1930.

An indication of the relative slackness prevailing in the industry is seen in comparative figures for previous years. Canadian output in February, 1930, was 11,087 tons and in February, 1929, was 31,155 tons.

BELDING OUTPUT MOVES FORWARD IN FAIR VOLUME

Small Lot Orders Tend to Hold Down Profit Margin

From Our Own Correspondent

MONTREAL.—Products of Belding-Corticelli are moving in fair volume but for the most part in small lots, which tends to hold down the margin of profit on sales to a low level. No figures on earnings for the first four months of the current fiscal year which began December 1, 1931, have been made public but it is understood that they show little if any improvement over the same period last year.

Officials of the company, however, find encouragement in the fact that there continues to be a good demand for the majority of lines manufactured and they point out that the position of the company is such that it will be able to take quick advantage of any improvement in business generally.

They also look forward to the cancellation of the French Treaty in June this year. With this treaty out of the way it is expected that tariff policies more beneficial to the company may be adopted; under the present schedules imports of raw materials have been subjected to higher duties while imports of finished products are being brought in at old low tariff rates.

Though earnings of Belding-Corticelli in the year ended November 30, 1931, showed a decline from the previous year they were sufficient to cover preferred dividends and leave a balance equal to $1.79 a share on the common. Dividends on the latter stock were paid at the rate of $7 a share; payment resulted in a deficit of $39,122 for the year. Disbursements at the same rate have been maintained this year to date.

Though earnings were lower balance sheet position was strengthened. Working capital was increased and investments in government bonds totalling $230,200 made their first appearance.

Westinghouse-Neon Opens Plant

A new Canadian company, the Westinghouse-Neon Company, Limited, has opened the first unit of a plant in Hamilton and will manufacture Neon tubing, in addition to other lines of display advertising.

Municipal Bond News

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DENNISTEEL FIRE ESCAPES
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Exports from New Westminster

Exports through the Port of New Westminster during March increased about 5,000 tons as compared with March of last year, cargoes shipped numbering about 45,000 tons. Lumber exports from the Fraser River during March were the largest for several months and larger than any month last year, a total of 18,638,989 feet being shipped as compared with 14,608,839 feet during the same month of 1931. Eighty-two deep sea vessels cleared from the port during the first three months of this year.

Form P. E. I. Fertilizer Company

Announcement is made of the incorporation of a new fertilizer company to be known as Associated Shippers Inc. of Prince Edward Island, capitalized at $100,000. The company will deal in potatoes, fertilizers and bags, and proposes taking potatoes in payment of fertilizer, guaranteeing the farmer a definite minimum price required to pay off his fertilizer account as well as whatever surplus is left after the fertilizer bill has been disposed of.

Plan Larger Wood Cut

The total cut on Crown lands in New Brunswick this year, both of hard and soft woods, is estimated at around 115,000,000 superficial feet. In 1931 the cut was 104,000,000 feet. Logging operations are now completed for the season.

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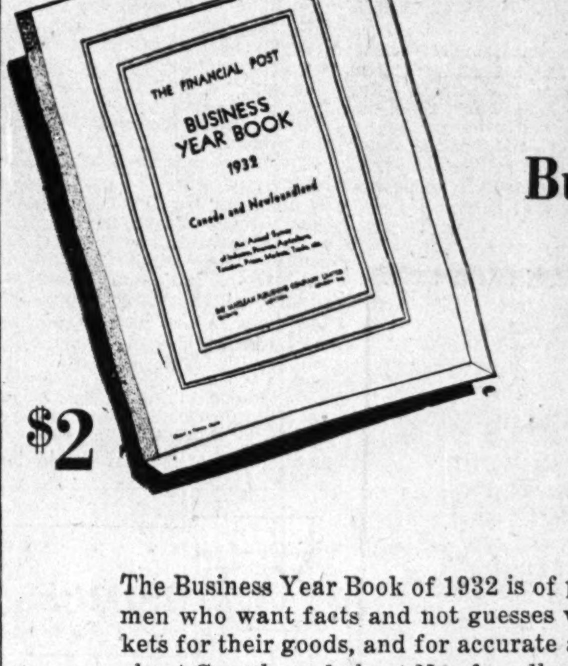

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THORNTON IS OUT OTTAWA OPINION ON REVELATIONS

Though National Railways Holds Its Political Friends

CHARGES PROVED

Already New Board Has Cut Expense Items By Over $300,000—But Thornton is Through

From Our Own Correspondent

OTTAWA.—Whatever else may result from the disclosures made by the Special House of Commons Committee on the National Railways, it is agreed here that the resignation or retirement of Sir Henry Thornton from the presidency is only a matter of time.

There may be rapid developments following the report of this committee, for it is not at all unlikely that the majority of the committeemen will ask the government definitely to take action. Or Sir Henry may decide not to await ministration. But in any event, the publicly-owned system soon may enter upon a new phase of management.

The sudden resignation of Sir Henry Drayton, last week, from the chairmanship of the Ontario Liquor Control Board set Parliament Hill humming with rumors that he is slated for the presidency of the National Railways. The appointment seemed so obvious. Sir Henry was chairman of the Board of Railway Commissioners ten years. He acted on one of the major commissions that investigated the defunct private companies now comprising the National system. He is a former Minister of Finance, thoroughly familiar with governmental and railway finance. By and large, he seemed a likely man for the job. Two facts, however, discounted such an appointment. To begin with Sir Henry promptly issued a denial and, in the second place, Ottawa knows that his health has not been good in recent years.

Could "Fire" Thornton

As for Sir Henry Thornton, the revelations of the committee have placed him in an impossible position. His position, generally speaking, is deemed indefensible even by the most thorough-going advocates of railway public ownership.

To get the picture of present events at Ottawa it is necessary, however, to differentiate between Sir Henry Thornton and the National Railways. The political antagonism to the publicly-owned system seems to be disappearing. Recent speeches of cabinet ministers show a marked absence of censorious matter, in contrast with similar speeches one year ago. Privately, the statement is made, emphatically, that the publicly-owned system has little to fear from the present administration. Nor, apparently, has it anything to fear from the committee or the Royal Commission which soon will begin considering its report.

So far as the special committee and the government are concerned, the tendency has been to probe the administrative record of Sir Henry Thornton and, between facts already brought out and statements made by resonsible persons and hitherto not contradicted, it looks as if Sir Henry has a great deal of explaining to do.

Those Extra Salaries

The most damaging revelations concern the salary paid to Sir Henry, and the expense accounts of National railway officials. Everyone understood that Sir Henry was under a contract, to expire about 1934, allowing him a salary of $75,000 per year. This contract, negotiated when Hon. C. A. Dunning was minister of railways, was an improvement, from Sir Henry's point of view, over the former contract. It gave him more money. But it now appears that Sir Henry drew from the National railway or subsidiaries the following income in 1930:

Salary	$ 75,000
Special allowance	15,000
Inc. from Grand Trunk Western	5,000
Income from the Central Vermont	5,000
Inc. from the Ontario car ferry	5,000
Directors' fees	250
Personal expenses	24,152
Calculation on cost of house	20,000
Grand total	$149,402

So far there has been no satisfactory explanation of this extraordinary set up of figures. At the time when Sir Henry's contract was renewed the general understanding was that the contract salary covered everything except the president's travelling expenses, etc.

Some Other Salaries

In contrast with the highest salaries paid by the crown in other walks of life, it may be pointed out that the Governor-General of Canada draws $48,666; the Prime Minister, $21,000; the Minister of Railways, $16,000; the Chief Justice of Canada, $15,000; Lieutenant Governors, $10,000; and provincial chief justices, $10,000. A comparison of this kind, perhaps, is scarcely fair, since there is no assurance of permanency in the presidency of the National Railways and there is this assurance in several of the positions mentioned. A truer comparison would lie with the presidents of other railways, but here, also, it will be found that Sir Henry's receipts from the National were quite out of line.

The item for the residence in Montreal is little short of amazing. The facts in this regard were stated to the committte by Dr. Peter McGibbon, of Muskoka, and have not yet been verified by direct evidence from Sir Henry. There has, however, been no denial so that their accuracy can scarcely be doubted.

In August, 1930, about the time the Federal government changed, the directors of the National Railways, through a junior officer, purchased a house in Montreal for the president, at a cost of approximately $185,000. The house was paid for by borrowing money at a relatively high rate of interest, and it was presented to Sir Henry.

Other facts produced by the committee are equally astonishing. In 1930, for example the expenses of officials totalled the enormous sum of $1,952,189.64. This was split up:

Meals	$ 834,186.24
Hotels and lodgings	395,209.19
Sleeping cars	133,180.88
Railway fares	10,724.88
Telegrams	12,585.48
Other expenses	566,166.60
Total	$1,952,189.64

As proof of the grossness of the extravagance in that year, it was announced to the committee that the new board of directors already had cut the sum by $336,000. Equally surprising, it was announced that the new directorate had put in a system which certainly prevails in all well managed institutions whereby expenses are paid by the officials in the first place, and expense accounts, supported by vouchers, are then turned in to the company.

Then there is the matter of club dues. In 1930, the National railways spent $100,000 on club dues for officials. No detail as to the sort of clubs or the amount of initiation fees, etc., is available except that $70,000 went for club shares and the balance for dues.

That such a state of affairs could exist in a company owned and operated by the state at a very large annual loss is deemed to convict the president and the former directorate of gross incapacity.

Sound Investment Trusts Have Future in Canada

Recent Unfortunate Experiences Are Product of Diversion from Basically Proper Principles

By GORDON G. GATCH

ARTICLE FOUR: INVESTMENT TRUSTS' FUTURE IN CANADA

In a comprehensive analysis of investment trusts dated March 11, 1932, the Standard Statistics Company refers to the action of many American companies in readjusting their operating methods to conform to the accepted British standards. After referring to the "countless enterprises formed in this country in recent years which have been herded under the title investment trust," of which "the vast majority so classified are by no means investment trusts at all in the true sense of the term," the report says:

"Despite the transgressions of some of the domestic investment trusts, minor and major, over the past, be it said in behalf of many of the managements that they have profited by their experiences. Constructive measures have been evidenced in recent months and sponsors of several of the instruments have been piloting them in a manner deserving of commendation in varying degrees but in fashion which augurs well for those holding the securities of these trusts as long term commitments.

"In a word, the tendency of a majority of the trusts has, for some time, been to veer away from speculative activities....."

Under the heading "Basic Investment Trust Principles," the Standard Statistics Analysis states: "An investment trust proper is an instrument which has, as its first, last and dominant objective—investment for income."

Time Is Opportune in Canada

The present is an ideal time to apply the British investment trust principles in Canada. There could not be a more favorable period in which to bring investors together and to prepare for the accumulation of a well diversified portfolio of bonds and common stocks, in which Canadian and Imperial issues should predominate. As we have already seen, the greatest successes ever experienced by any investment trusts on this continent, were those enjoyed by the two Boston companies which were started during a similar period—the depression of 1921-22.

Essentials of Sound Investment Trust

All past experiences in Great Britain, the United States and Canada indicate that certain fundamental characteristics or policies are essential to ensure success in the operation of investment trusts, and the poor experiences of companies in the past has been due to the neglect of one or more of these vital factors. These essentials are as follows:

1. The company must be independent of any investment banking house.
2. The management must be under the direct control of the board of directors, rather than in the hands of any "management" company.
3. The capital structure must be simple, with only one class of common stock and all stock having equal voting rights, to avoid the possibility of control with nominal investment.
4. The securities must be in the custody of a recognized trust company.
5. The company must not be one of a "chain" involving control.
6. Complete publicity as to operations and portfolio is essential.
7. The by-laws of the company must ensure wide diversification, without dominating or "operating" interest in any company or group.
8. Cost of management and directors' fees must be moderate.
9. There must be no promotion profit or bonus stock.

Must Be Ultra Conservative Now

Unquestionably, any company which is to receive public support today, in the face of the exploitation and neglect of true investment trust principles which we have witnessed in North America during recent years, must be ultra conservative in its organization and in its adherence to these essential and fundamental principles of operation. Some of the points which we have enumerated above would not have been considered so essential a few years ago, such, for example, as publicity of operations and portfolio and the elimination of management by outside agencies. As a matter of fact, many of the oldest and most successful British companies do not recognize the necessity or wisdom of either of these policies. But we believe that past abuses point to a definite need of both of them in investment trust regulations in North America today.

No investor who contemplates the purchase of investment trust securities today should for one moment consider the selection of shares of any company which in any way departs from the essentials which we have listed. Fortunately, there are companies in Canada which have carefully observed all of these principles, and the debentures or shares of such companies possess sufficient merit and investment potentialities to justify any investor in including them among his holdings.

That the investment trust will assume a position of stability and importance in the financial life of Canada, equal to that which it has established for itself in Great Britain, there can be no doubt. It will do so because the principle is fundamentally sound and because there is no other investment medium which fulfills a similar function.

Recent Experience No Clue to Future

The fact that the fundamental British principles were not generally observed in the early development of the investment trust idea in the United States and Canada, and that organizers generally were unfortunate in the timing of their enterprises, is no reflection on the principle itself. As we have seen, the early testing period in Great Britain should have enabled sponsors to avoid similar mistakes here, but if we are tolerant, we must admit that the temper of the times was not conducive to conservatism, and after all, the public itself was in a measure an accessory to the error. In its orgy of speculative desire it cried out for large and unreasonable profits and invited the creation of new and untried media, including the many so-called investment trusts which made their appearance during that period.

We must remember, too, that it has not been the investment trusts alone which have had to suffer the growing pains and uncertainties of adolescence. The banks, the insurance companies and the loan and trust companies all had to go through their period of experimentation, trial and elimination to reach the stable and influential positions they occupy today.

Need Not Filled By Other Financial Institutions

As we have shown in preceding pages, the purposes and the investment programmes of the investing trusts have been designed to fill a need which is not met by other financial institutions, and they draw on a different class of funds than those which are customarily entrusted to the banks, the loan and trust companies or the insurance companies. The investment trust is an ideal medium for conservative investment for those who do not have the time, the experience or the facilities for the analysis of economic fundamentals or of individual securities. Further, it provides a medium for the collection and reinvestment of that class of funds which is sometimes referred to as the "uncontrolled" money and which, in times of buoyancy, becomes very venturesome, finding its way into various get-rich-quick types of promotion, where much of it is dissipated beyond hope of recovery. The true investment trust aims to direct funds of this class into proper channels, where they will benefit legitimate industry. The direction of Canadian investment funds into Canadian channels of investment, under careful and conservative Canadian management, for investment primarily in the Empire is surely a worth-while and practical service.

Associated Canners Meeting is Postponed

From Our Own Correspondent

MONTREAL. — Annual meeting of Associated Quality Canners, a subsidiary of Whittall Can Co., which was to have been held on April 27, has been postponed until May 12. Postponement is due to the fact that auditors were unable to assemble all data in time for the original meeting, since recent consolidation proceedings have necessitated compilation of detailed figures.

In March, 1932, shareholders approved the purchase of Spring Valley Canners, by which transaction all the canning subsidiaries of Whittall Can Co. were merged into one unit.

Canadian Airways Contract Assumed By Government

From Our Own Correspondent

MONTREAL.—A contract, formerly let to Canadian Airways for operation of the Montreal-Rimouski Air Mail Service, will be undertaken this season by the Civil Government Air Operations Division of the Royal Canadian Air Force. The contract calls for the carriage of mail to and from out-going and incoming ocean steamers.

Reversion of the contract to the government is the result of federal economies which have necessitated cancellation of any air mail contracts undertaken by private companies.

The Montreal Rimouski service has been in operation since September, 1927, when experimental flights were made from Rimouski with mail brought in on ocean liners.

BROKERAGE FIRM PAYS CREDITORS FIRST DIVIDEND

Watson & Chambers Plans Initial Payment of 15 Cents

From Our Own Correspondent

MONTREAL.—An initial dividend of 15 cents in the dollar will be paid to creditors of Watson and Chambers, stock brokerage firm in bankruptcy, according to an announcement made by George S. Currie, trustee, who is forwarding to creditors an abstract of receipts and expenditures of the trustee up to April 8, and notice of claims objected to and claims unadjusted.

The abstract shows that total receipts, of which the major item is proceeds from sale of securities at $232,833, amount to $319,726 up to April 8. Expenditures including repayment of loans liquidated by the trustee at $220,080, total $237,127. As at April 8, therefore, cash in the bank was $82,599; from this sum the trustee proposes to pay an initial dividend of 15 cents in the dollar, requiring an amount of $56,373. Claims to which this dividend is applicable total $375,823.

Partners Seek Discharge

Creditors of the bankrupt company are informed that the partners, S. W. Watson, W. D. Chambers and H. L. Moreau, have applied to the court for their discharge and hearing has been fixed for May 3.

It is stated that the continued decline in market prices has changed the situation since the time the receiving order was made, October 26, 1931. At the time the statement of the debtors' affairs was formed, assets were shown at $371,532 or over 70 cents on the dollar on the total of unsecured liabilities.

At the time application was made for discharge, April 1, these assets at prevailing market prices, were still of a value equal to more than 50 cents on the dollar.

Estimated Balance of Assets

After payment of the proposed dividend of 15 cents, there is still a cash balance of $26,226. To this is added $52,000, estimated value of assets remaining to be sold at present-day prices, so that there is an estimated balance of $78,226 available to meet first dividends on claims objected to and unadjusted, trustee fees, legal and other expenses, and further dividends.

In connection with the $52.000 estimated value of unrealized securities it is inferred that the trustee and inspectors feel that the securities should be held for sale at a later date.

STEEL CO. HEAD LOOKS WITH HOPE TO CONFERENCE

Ross H. McMaster Reviews Year's Activities and Outlook

From Our Own Correspondent

MONTREAL. — No immediate improvement in business is forecast by Ross H. McMaster, president of Steel Co. of Canada, who characterized the outlook as "not exactly promising" at the annual general meeting of shareholders. The forthcoming Imperial Conference in Ottawa was reviewed at length and Mr. McMaster was hopeful that it would be attended with beneficial results in which the steel industry would share.

In referring to operations in 1931, the president pointed to the drastic decline which had occurred in production of steel ingots in Canada during 1931. The combined reductions for the past two years represented a loss of over 50 per cent compared with 1929.

Reference was made to the satisfactory liquid position of the Steel Co. of Canada resulting from conservation of resources during more prosperous years, a condition which had enabled continuation of dividends. Continuous efforts had been made by the executive to reduce costs and expenses.

President McMaster pointed to the necessity of reduction in governmental expenditures adding that taxation had brought an increased burden at a time when margins were extremely limited.

Looks to Conference

He continued in part:

"The main purpose of the Conference will be to see what possibilities there are of changing, in favor of Empire trade, the flow of imports of those goods now entering Canada rather than the consummation of any action which would be calculated to menace the position of the Canadian producer. It is very satisfactory to be able to state that the policy of the British Steel Export Association, as publicly declared, has been to develop their exports to Canada in those sizes, shapes, and qualities of steel which are not manufactured in this country."

Officers and directors of the company were re-elected without change.

Purchases Warehouse in Winnipeg

As a result of greatly expanded business during the past year, the Piggly-Wiggly Canadian Ltd., announces the purchase of a new warehouse in Winnipeg which will triple their storage facilities. At the same time they announce a $10,000 addition to their creamery which will double their present creamery capacity.

Gasoline Companies Raise Price One Cent As Crude Cost Goes Up

United States Co's Also Advance Comparable Gasoline Prices

RATES MAY NOT HOLD

Situation Moderately More Favorable; Outline Given of All Costs Well to Refinery

While investigation by a parliamentary committee at Ottawa into prices of gasoline goes on, oil companies in Canada have increased prices a further one cent a gallon because of increases in the price of crude petroleum in the United States. Provincial taxation had already driven prices higher in the face of attempts at Ottawa to secure lower prices and rapidly changing conditions have negatived much of the work of the committee. Several refining companies announced increases of 15 cents a barrel in the offering price for crude in Kansas and Oklahoma at the end of March and in the following two weeks similar action was taken by practically all of the chief buyers throughout the mid-continent and Texas fields. These advances in crude prices were followed by increases in United States gasoline quotations, which spread in a widening arc from the producing fields to the industrial centres of the middle west and later to the Atlantic seaport markets.

This spectacular rise in the petroleum market was ascribed to moderate success obtained by public and private plans for adjusting crude supplies to demand, an expectation that there will be increased consumption with the approach of warmer weather and a general realization that only an increase in price could bring profits to the company. Opinion differs in United States oil circles as to whether or not the increase can be held. Some fear that higher prices will bring larger offerings of crude and so break prices again.

The relation of the Canadian price to prices of crude in the mid-continent field of the United States was explained in detail by Imperial Oil witnesses before the Banking and Commerce Committee at Ottawa, which has been investigating gasoline prices. Every item which goes into the price was referred to and cross-examination occurred. Much of the information adduced is of great interest and is repeated here as it may prove of lasting value to investors in understanding the conditions under which the Canadian oil industry must operate.

Pipe Line Charges Lower

Canadian production in Alberta and Ontario has not great significance as yet in affecting profits or prices. The Sarnia refinery of Imperial Oil buys Canadian crude from Petrolia wells but is not interested in these wells as a producer. That crude comes into the refinery over a pipe line about 15 miles long and amounts to about 300 barrels daily out of a daily charge of 21,800 barrels. The refinery buys about 3,000 barrels of 35 Imperial gallons each daily from the Ohio Oil Co. in the Illinois field. The crude is bought at the well. In Sarnia the company ran 6,998,387 barrels of crude in 1930, the volume not coming from Petrolia and Illinois being obtained from the mid-continent fields. The 1930 crude cost the company $16,162,830, or an average of $2.31 per barrel delivered.

The gathering charge for crude in the Illinois field, testified Leo C. McCloskey, director of manufacturing, was 20 cents per barrel and the trunk pipe line rate to Sarnia 31½ cents per barrel. The gathering charge in the mid continent field was 20 cents per barrel and the pipe line rate 62½ cents per barrel, making a total of 82½ cents per barrel. From the East Texas field the gathering rate was 10 cents per barrel and the pipe line rate to Sarnia 82½ cents a barrel or 92½ cents per barrel in all. The Canadian crude from Petrolia was pumped through the pipe line at a probable cost of 3 or 4 cents per barrel. The pipe line charges were considerably lower than the railway charges.

Pipe Lines Organization

Mr. McCloskey said there were two types of pipe lines. The gathering lines were small pipe lines starting at the various wells and proceeding to a central point where the oil was received in a main storage tank. The oil was bought by purchasing companies at the well. The trunk lines pick up the crude at the main storage tank and transport it to various consignees. The procedure is to have large storage tanks every 50 miles or so, and it is pumped from the tank through the pipe line into the next tank and measured in there and then pumped on to the next tank and so on. As several companies may

(Continued on page 15)

France Imports Less Canadian Woodpulp

From Our Own Correspondent

MONTREAL.—Imports of Canadian woodpulp into France in 1931 showed a decrease in value of nearly 9,000,000 francs at 17,531,000 francs. In volume, France imported 7,651 metric tons of woodpulp from Canada last year, compared with 12,877 metric tons in 1930.

The reduction is held to be largely due to reduced activity in the French artificial silk industry. The only pulp shipped from Canada to France in any quantity is cellulose pulp for the manufacture of artificial silk, the market for other woodpulp being in the hands of Scandinavian producers.

International Paper Co.'s mill at Kipawa supplies a substantial portion of the world's requirements of cellulose pulp for artificial silk.

Native Leader Heads Delegation From India

Only One Native of British Isles in Imperial Conference Party From Great Dominion

By JOHN A. STEVENSON

SIR ATUL CHATTERJEE

The delegation which will represent India at the Imperial Economic Conference will furnish a picturesque element to the gathering. At its head will be one of the most eminent living statesmen of Hindu blood in the person of Sir Atul Chandra Chatterjee, K.C.S.I., K.C.I.E., who has been High Commissioner for India in London since 1925 and has just retired.

Sir Atul Chatterjee belongs to a well-known Indian family and his parents had no prejudice against educating their son on the lines of Western civilization. He was sent first of all to the Presidency College in Calcutta, where he won a valuable scholarship given by the Government of India. With its aid, he entered King's College, Cambridge, where he had a distinguished academic career and won the Bhownugger medal given yearly to the best Indian student at Cambridge. Then at the end of his Cambridge career he accomplished the remarkable feat of passing first in the open competition for the Indian Civil Service, which usually attracts the best brains of Britain but is also open to native Indians. Returning home to India in 1897 his first post was that of an assistant magistrate in the United Provinces, but he rapidly rose through the grades of joint magistrate, magistrate and collector.

Publishes Economic Book

While serving in the United Provinces, he developed an interest in economic problems and headed a special enquiry into local industries, of which one of the byproducts was a little volume from his pen entitled "Notes on the Industries of the United Provinces." His investigations led him to become an advocate of co-operative organizations and, having become an authority on them, he served as registrar of co-operative societies in the United Provinces from 1912 to 1916. Then he was promoted, first to be revenue secretary to the provincial administration, and later to be chief secretary. In 1919 he was translated to the staff of the central government of India as a member of the Board of Industries and Munitions, and he was sent as Indian representative to the International Labor Conference at Washington.

Having become the recognized industrial and labor expert of the Indian government, he represented it at the International Labor Conference at Geneva in 1921 and has since that time been a frequenter of Geneva in the same capacity; moreover, his colleagues in the International Labor Conference held him in such high esteem that they elected him as their president in 1927.

Seven Years in London

In 1921 he was given the important position of secretary of the Department of Industries in the government of India, and simultaneously he was appointed one of the official members of the Legislative Assembly. In all these posts he made a remarkable record as a skilful administrator, and in 1923 he had the honor of being chosen a member of the Viceroy's Executive Council in charge of the Department of Commerce and Industry. By this time he had come to be regarded as one of the foremost statesmen of Indian blood; and when the High Commissionership in London fell vacant in 1925 Sir Atul, with his advantages of a Cambridge education and his knowledge of Europe, was the obvious choice for the post. He was High Commissioner for nearly seven years, and performed his duties with tact and skill, being popular with all classes of politicians in London and a favorite in society. He has also been entrusted with a number of interesting ancillary jobs, such as representing India at the League of Nations Assembly in 1925, and at the London Naval Conference, and serving as a member of the Empire Economic Committee, and as vice-president of the Consultative Economic Committee of the League of Nations.

Yet with all this experience behind him Sir Atul is a comparatively young man, for he was born in 1874 and is now only in his fifty-eighth year. He is rated the leading native authority upon the economic and industrial problems of India and has made a special study of tariff matters. At his hands the Indian delegation will have exceedingly competent leadership, and in discussions and negotiations he will be perfectly capable of holding his own with any of the delegates of the British partners in the Commonwealth.

SIR GEORGE RAINY

As his right-hand man at the conference, Sir Atul Chatterjee will have the assistance of Sir George Rainy, K.C.S.I., K.C.I.E., an able Scotsman who is a member of the Indian Civil Service. He is a son of the Rev. Robert Rainy, of Edinburgh, who for many years was the recognized leader of the Free Church of Scotland; a fine preacher and an ecclesiastical statesman, he was also a militant Liberal politician and a strenuous advocate of the disestablishment of the Church of Scotland.

A native of the Scottish capital, Sir George Rainy was educated at Edinburgh Academy and then went to Merton College, Oxford, where he took a good degree and passed into the Indian Civil Service in 1899. He began his Indian career as an assistant magistrate and in time rose to the rank of a collector. But meanwhile the ruling powers had discerned that he possessed unusual financial abilities and so he was taken away from general administrative work and given specialized work as under-secretary of the Finance Department of Bengal. Having demonstrated his capacity for such work, he was promoted to the staff of the Government of India as under-secretary for the Department of Commerce and Industry.

He just missed being associated with Sir William Clark in this department by going back for a time to administrative duties as a magistrate and collector in the province of Behar and Orissa. But some years later the reputation which he made as a financier and economist brought him the important appointment of president of the Indian Tariff Board and he was largely responsible for the evolution of the recent tariff policy of India which under pressure from the local manufacturers has been increasingly protectionist since the war. Then he achieved the ambition of every member of the Indian Civil Service by being called to the Executive Council as the member in charge of commerce and industry.

Is Competent Administrator

In this office he has widened his experience of commercial matters, economic problems and tariffs and as his term on the council is due to expire shortly, he was an appropriate choice as the European representatiave on the Indian delegation. Sir George has the reputation of being a very competent administrator and public servant and his familiarity with every phase of India's economic life and knowledge of her tariff structure and needs should make him a valuable member of the conference.

Sir George Rainy is the only white member of the Indian delegation and it is clearly meant as a concession to Nationalist sentiment that the minor members who will attend in an advisory capacity are all native Indians.

LESSER MEMBERS

Sir Shanmukan Chetty is an able politician who has been acting as leader of the Nationalist party in the Legislative Assembly and is counted the keenest mind on the Opposition side. Sir Padamji Ginwala is a member of the Indian Tariff Board and Seth Haji Abdoola Haroono is a prominent merchant in the city of Karachi who has served as a member of the Legislative Assembly.

But perhaps the most interesting member of the delegation bears the imposing name of Sahibzada Abdus Samad Khan, a veteran statesman who has been the chief minister of the native state of Rampur for 40 years and is the father-in-law of the reigning Nawab. It will be his mission to represent at the conference the viewpoint of the native princes, who still rule a substantial part of India.

GATHER FARM VIEW FOR OTTAWA CONFAB

Western Farmers Will Be Asked Opinion on Conference Matters

From Our Own Correspondent

REGINA.—The government of Saskatchewan is expected to implement a unanimous resolution of the legislature calling for a conference of agricultural interests of the province in order to discuss the question of Canada's trade relationships with Great Britain and the Empire. Governments of Manitoba and Alberta are also to be asked to procure representation from agricultural bodies in those provinces, in preparation for representations that may be made in connection with the Imperial Conference.

Whether it will be possible to arrive at any common expression of opinion is a matter of some doubt. Controversies that have split the ranks of farmers' organizations in recent years have left them without any organization which is recognized as having the general right to speak for agricultural opinion. The Canadian Council of Agricultural was at one time recognized as having such a position, but that body has at the present time a very nebulous existence, and for a number of years past has not included any representation from Saskatchewan. The old Saskatchewan Grain Growers' Association, and its nominal successor in this province, the United Farmers of Canada, has a small membership, the leadership of which is mainly radical and which had alienated the support of a very large percentage of the farmers of the province. Its relationship with the United Farmers Associations of Alberta and of Manitoba has not been cordial, and the extent to which those bodies continue to be representative of agricultural opinion is also considered to be doubtful. No matter how assembled any meeting nominally representative of western agricultural could be expected to be in favor of selling more wheat to Great Britain, and of increasing Canadian purchases of British goods, when, however, it comes to saying how that might be brought about, whether a British quota on Empire wheat would be useful, and how it would be desirable to have it administered, whether this country should decrease duties on British goods as a matter of course or as a matter of bargaining, unanimity of opinion becomes more doubtful.

Belnap on Engineering Board

From Our Own Correspondent

MONTREAL.—L. J. John Belnap, president of Consolidated Paper Corp., has been elected to the directorate of Dominion Engineering Works.

CANADIAN WHEAT YIELDS JAP MART TO AUSTRALIANS

But Canada Newsprint Finds New Market in Far East in 1931

The extent to which Australia ousted Canada as a supplier of wheat to the Japanese market in 1931 is indicated in a report from Richard Drew, Canadian Trade Commissioner to Tokyo, printed in the current edition of Commercial Intelligence Journal. Two years ago, Canada exported to Japan approximately 439,000 short tons of wheat valued at 35,273,000 yen. In the same year (1929) there came from Australia, wheat exports of 158,000 tons valued at 15,408,000 yen. Even in 1930, Canadian exports were approximately 70,000 tons larger than those of Australia, but in 1931, due to a much depreciated exchange rate, Australian exports jumped to 565,000 tons valued at 22,466,000 yen as compared to Canadian exports of only 171,000 tons worth 7,938,000 yen.

Commenting on this, Mr. Drew notes that it is the first time in the last four years that Australia has been the chief source of supply. Previously Canada and the United States have been the principal suppliers, but depreciated exchange has enabled Australia to undersell Canadian or American wheat by some $2 to $3 per ton.

In 1931, Australia supplied more than 68 per cent of total importations, while Canada's share was between 20 and 25 per cent in 1929. In 1929 Canada supplied more than 50 per cent.

Commenting on this trade the report says:

"The business of importing wheat into Japan is in the hands of a comparatively small number of firms, and for all practical purposes it is controlled by the Mitsui and the Mitsubishi interests, the two largest concerns in Japan. Both these firms maintain offices in all the important trading centres of the world, and their head offices are in daily cable communication with their offices in wheat-producing countries. Each of these firms have large flour-milling interests in Japan which is the chief reason why they are the largest buyers. A certain quantity of Canadian wheat will always be imported, as it is necessary to use a certain proportion of Canadian wheat to obtain the type of flour that is required for this market."

Newsprint Imports Soar

On the other hand, Canada, in 1931, attained the position of the second most important supplier of newsprint to the Japanese market with exports amounting to 11,767 short tons, with a value of 1,154,000 yen which is about 28 per cent of total importations. In the two previous years, Canada's shipment of newsprint have been practically negligible.

This change in trend was due to many present circumstances, one of which was the fact that for the first time Canadian mills on the Pacific coast found themselves without a ready market. In addition Japanese mills were maintaining prices at a level which made it possible for Canadian newsprint to compete in the market despite the ocean freight rates and the tariff handicaps. In addition to these factors, the preference accorded to Canadian newsprint entering Australia was withdrawn, with the result that exports to that country decreased to a great extent.

In the past two years, Japan's total imports of printed paper have increased from 19,537,000 kin (one short ton which equals approximately 15 kin) to 68,392,000 kin. No separate statistics are given for newsprint, but as newsprint is the principal commodity entering Japan under this heading, it was possible to secure a fair idea of the substantial increase in imports of this commodity. The three countries to share most largely in this increase are Canada, Norway and Sweden, with Sweden now ranking as the leading source of imports, Canada second and Norway third.

Japan total imports from Canada in 1931 were valued at 35,673,000 yen (current quotations per yen are approximately 37c) as compared with 46,165,000 yen in 1930 and 68,730,000 yen in 1929. Exports also decreased, Japan having sent goods worth under 13,000 yen in 1931 as against 17,885,000 yen in 1930, and 27,000,000 yen in 1929. Canada's favorable trade balance was accordingly 22,606,000 yen. Chief imports from Canada to show a decline in 1931 were wheat, lead, zinc, paper pulp and automobile parts.

Exports of Newsprint To Japan Show Gain

From Our Own Correspondent

MONTREAL.—Exports of Canadian newsprint to Japan have shown gains in recent years, according to Trade Commissioner's reports. In 1929 there was no movement recorded; in 1930 the quantity amounted to about 500 pounds but in 1931 Canadian exports of newsprint to Japan amounted to 11,767 short tons. Exports of this amount gave Canada about 28 per cent of the total importation and placed it in a position of the second most important supplier of newsprint to the Japanese market.

It is pointed out that one factor bearing on the situation was that Japanese newsprint mills in 1931 were maintaining prices at a level which made it possible for Canadian newsprint to compete in that market.

Montreal Stock Exchange Changes Trading Hours

From Our Own Correspondent

MONTREAL. — Announcement is made that from April 25 until Friday, April 29, the Montreal Stock Exchange will open at 9 a.m. and close at 2 p.m. and on Saturday, April 30, the exchange will open at 9 a.m. and close at 11 a.m. This step has been taken to conform with the trading hours of other exchanges which are operating on daylight saving time.

DIVIDEND NOTICES

Blue Ribbon Corporation Limited

NOTICE is hereby given that a dividend of Fifty Cents (50c) per share on the preferred shares of the Company has been declared payable on and after May 2nd, 1932, to shareholders of record on April 27th, 1932.

DATED at Toronto this 25th day of April, 1932.

J. C. JAMIESON,
Secretary-Treasurer.

Canadian Hydro-Electric Corporation Limited

Notice of Dividend on 6% Cumulative First Preferred Stock

Ottawa, Canada. April 23, 1932.

The Board of Directors has declared a quarterly dividend of 1½% ($1.50 a share) on the shares of 6% Cumulative First Preferred Stock of the Corporation payable in cash June 1st, 1932, to holders of record of such stock at the close of business, April 30th, 1932.

Cheques will be mailed. Stock transfer books will not close.

J. R. Binks, Secretary.

Loblaw Groceterias Co. Limited

NOTICE IS HEREBY GIVEN that quarterly dividends of 20 cents per share on the Class "A" shares and 20 cents per share on the Class "B" shares of the company have been declared for the quarter ending May 31st, 1932, payable on June 1st, 1932, to shareholders of record at the close of business on May 12th, 1932. The transfer books will not be closed.

By order of the Board.

D. URQUHART,
Secretary.

Toronto, April 22, 1932.

CANADA BREAD COMPANY LIMITED

DIVIDEND NOTICE

Class "B" Preference Shares

NOTICE IS HEREBY GIVEN that a dividend of 50c per share has been declared upon the Class "B" Preference Shares of the Company, payment of same to be made on June 1st, 1932 to shareholders of record at the close of business on the 14th of May, 1932. The transfer books of the Company will be closed from May 16th to 31st, 1932, both days inclusive.

By Order of the Board.

W. S. ANTLIFF, C.A.,
Secretary-Treasurer.

Toronto, Ont., April 20th, 1932.

Canadian Car & Foundry Company, Limited

DIVIDEND NOTICE—ORDINARY STOCK

Notice is hereby given that a dividend of Fifteen cents (15c) per share on the paid-up Ordinary Stock of the Company for the quarter ending May 15th, 1932, has been declared, payable on the 30th day of May, 1932, to Shareholders of record on the 16th day of May, 1932.

By order of the Board,

A. C. BOURNE,
Secretary.

Montreal, April 25th, 1932.

BANK OF MONTREAL

Established 1817

DIVIDEND No. 276

NOTICE is hereby given that a DIVIDEND of THREE per cent. upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after WEDNESDAY, the FIRST day of JUNE next, to Shareholders of record at close of business on 30th April, 1932.

By Order of the Board,

W. A. BOG, General Manager
JACKSON DODDS, General Manager

Montreal, 19th April, 1932.

The Royal Bank of Canada

DIVIDEND NO. 179.

NOTICE is hereby given that a dividend of three per cent. (being at the rate of twelve per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday, the first day of June next, to shareholders of record at the close of business on the 30th day of April.

By order of the Board.

M. W. WILSON,
General Manager.

MONTREAL, Que., April 15, 1932.

The Guelph Carpet & Worsted Spinning Mills Limited

PREFERRED DIVIDEND No. 12

Notice is hereby given that a dividend of one and five-eighths per cent (1⅝%), being at the rate of six and one-half per cent (6½%) per annum, has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet and Worsted Spinning Mills Limited, for the three months ended April 30th, 1932, payable May 1st, 1932, to shareholders of record at the close of business April 20th, 1932.

By order of the Board,

B. F. GRIGGS,
Secretary-Treasurer.

Guelph, Ont., April 20th, 1932.

NOTICES

WANTED

High-class responsible Agents and District Representatives for every Province in the Dominion. Those experienced in selling insurance, bonds or securities would be particularly fitted for the position offered. Great opportunity for aggressive livewire salesmen. Apply by letter, giving age, selling experience and reference for character and ability. It will be necessary to furnish a bond if engaged. Applications received will be treated in strict confidence.

INCOME SECURITIES, LTD.
S. S. SAVAGE, President
212 7th Ave. W. Calgary, Alta.

DIVIDEND NOTICES

George Weston Limited

Preferred Dividend Number 17

NOTICE is hereby given that a dividend of one and three-quarters per cent. for the three months ending 30th April, 1932 (being at the rate of Seven per cent. per annum), has been declared on the 7% Cumulative Redeemable Preference Shares of the Company and will be payable on and after May 2nd, 1932, to the Preferred Shareholders of record at the close of business on the 20th day of April, 1932.

CHARLES W. KERR,
Secretary.

Toronto, April 19th, 1932.

The Canadian Bank of Commerce

Dividend No. 181

Notice is hereby given that a dividend of Three per cent in Canadian funds, on the paid-up capital stock of this Bank has been declared for the quarter ending 31st May, 1932, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st June next, to shareholders of record at the close of business on the 30th day of April, 1932. The Transfer Books will not be closed.

By Order of the Board.

S. H. LOGAN,
General Manager.

Toronto, 15th April, 1932.

Standard Paving & Materials Limited

PREFERRED DIVIDEND NO. 13

Notice is hereby given that a dividend of $1.00 per share has been declared on the Cumulative, Convertible, Redeemable, Preferred shares of Standard Paving and Materials Limited, for the period ending April 30th, 1932, payable May 16th, 1932, to shareholders of record at the close of business April 30th, 1932.

By order of the Board.

N. C. SHIPMAN,
Secretary.

Toronto, Ontario, April 26, 1932.

Consolidated Sand and Gravel Limited

PREFERRED DIVIDEND NO. 16

Notice is hereby given that a dividend of $1.00 per share (being at the rate of $4.00 per annum) has been declared on the Preference Shares of Consolidated Sand and Gravel Limited, for the period ending May 15th, 1932, payable May 16th, 1932, to shareholders of record at the close of business April 30th, 1932.

By order of the Board.

A. M. HARNWELL,
Secretary.

Toronto, Ontario, April 26, 1932.

STANDARD PAVING REDUCES DIVIDEND

Earned $323,000 in 1931 Compared With $580,472 in Previous Year

Net operating profit of Standard Paving & Materials Ltd., was some $323,000 in the year ended March 31, 1932, as compared with $580,472 the previous year. The annual statement will be available within a short time and will show current assets at some $675,000 including $400,000 of government and municipal bonds. Current assets in the previous year totalled $981,175. The annual meeting will be held on May 19.

During the past year capital expenditures are reported to have amounted to $213,000. A subsidiary was formed to operate in the maritimes and another in Ontario to construct concrete pavements. A cold mix plant was installed at Paris, Ont., and a new transportable asphalt unit is also included.

Reduction in prices of materials and curtailment of road building programmes are expected to have an adverse effect on earnings and quarterly dividend on the 7 per cent preferred stock payable May 15 has been reduced to $1 from $1.75.

Ontario Counties Busy With Spring Seeding

Seed operations in Ontario have commenced from as far west as Rainy River to Glengarry county in the east. Reports from the agricultural representatives would indicate that the land is working up in a very friable condition. Fall wheat is reported in excellent condition and the majority of counties report red clover and alfalfa having withstood the winter a good deal better than was anticipated. Sweet clover seems to have fared the worst and many cases of heaving are reported.

Cheese factories are opening up and farmers are anxious to get their cattle out on grass as feed is getting scarce. Prices for hogs, eggs, butter-fat, beef and lambs are very disappointing.

FOUR NATIONS SEEKING MONEY IMPERIAL OIL

Newfoundland Wants Loan, Peru Royalties, and Canada Taxes

DUTY IN U. S.

Refineries in Colombia and Halifax May Flourish on Foreign Business as Result

In four countries—Canada, the United States, Newfoundland and Peru—Governments have measures well under way which are designed to secure revenue at the expense of or with the aid of Imperial Oil Ltd., or its chief subsidiary, International Petroleum. In Canada increased gasoline taxes are levied by provincial governments on the industry as a whole and the public pays, the company losing incidentally only as the increased cost of gasoline leads to a lower volume of sales or to bootlegging of United States gasoline at border points.

In Newfoundland there seems to be little doubt but that the legislature will pass the enabling act to make good the proposal made to Imperial Oil by Sir Percy Thompson of the British Treasury, R. J. Magor, of Montreal, and J. H. Penson, also of the British Treasury, who to all intents and purposes in their capacity as experts are acting as managers of Newfoundland during the present crisis. That proposal, as explained in The Financial Post last week, is that Imperial Oil loan the Government $1,750,000 to meet in part loans of $2,500,000 coming due on July 1 next. The interest rate is 5½ per cent of the $2,500,000 issue to which Imperial Oil will be largest subscriber and the due date is 1947. The company will pay not less than 94.

Forcing Monopoly on Imperial

To ensure payment the suggestion has been made that Imperial Oil should have a monopoly for 15 years and a royalty charged to gasoline users so that over a term of years interest can be kept up and principal repaid.

The fixed charges constitute a first charge on the "Petroleum Products Fund" created under the agreement with Imperial Oil. The company agrees also to pay the Government during the currency of the loan, $300,000 annually in consideration of the exclusive right to import into the Dominion petroleum products—gasoline, kerosene and lubricating oils. For every 100 gallons of gasoline and kerosene sold in excess of 3,500,000 gallons, the company will pay $6 with a reduction of the capital sum in the same amount for any deficiency below the fixed figure. Wholesale prices at St. John's are fixed at 24 cents per gallon, subject to variations in landed cost. The sum of $250,000 will be set aside each year to provide interest and sinking fund.

All negotiations have taken place in Toronto, the proposal coming from the experts employed by Newfoundland.

Strange though it may appear at first sight the company has been most reluctant to enter into this arrangement but will do so in view of the fact that the alternative is a state monopoly. That is not desired by anybody. The proposed monopoly gives the company little that it has not already. It has a virtual monopoly of the business at present because it sells at prices which do not invite competition. Probably 80 per cent of sales are to the fishing industry which occasionally buys some outside gasoline when United States ports are called at.

Fears Bootlegging

One reason for the company's reluctance is understood to be the fear of bootlegging gasoline on a large scale if gasoline prices are increased by a royalty. Additional revenue beyond service charges on the loan benefits the Government and gives it some inducement to protect that revenue and the industry generally from outside and tax-free gasoline. The company anticipates no increase in profits from the new arrangement but it simply protects the position already achieved in the island Dominion. Outside of gasoline sales to fishermen, the remaining 20 per cent of the business is in kerosene for lamps as Newfoundland is not supplied with electric light to any great extent.

Peru Wants Royalties

The Government of Peru also turns to International Petroleum as a company of evident financial strength; but there the idea is to upset an old international agreement made in 1922 when President Leguia was in charge of Peru's affairs. That agreement was made by a body representing both the company and the Government and headed by a man chosen by both. It is understood to have set a schedule of taxation to be good for 50 years. The state, embarrassed for lack of funds, would like to increase these taxes. It already taxes the producing property under the agreement referred to on a pertencia (the land unit in Peru amounting to about 10 acres) basis. It collects large sums through customs duties on materials imported by the company in connection with its operations, and, in addition, collects an export tax. The latter tax is almost the same as a royalty on production as practically all productions are exported. Last year an unemployment tax on income and cigarettes was created and amounts to a super tax. The latter tax was supposed to be an emergency measure enacted for six months but it could be extended and it will be extended. The company therefore pays high taxes directly and indirectly but resists a further impost directly contrary to the agreement made which fixed boundaries of its oil holdings and the payments it was to make.

"Killing the Goose . . ."

On the previous occasion agreement was come to in 1922 only after years of negotiation. When the Peruvian Government seeks a change in the old agreement the matter must be taken to an international court, probably at The Hague. The matter may be long drawn out. The company points out to the Government that too high taxes would penalize the company in world markets under present keenly competitive conditions when competing with United States and other crudes, thus automatically lessening production and decreasing the very revenue the Government desires. In fact, it is stated that the higher the Government taxes, the less the actual revenue is apt to be. To speak proverbially, the company representation is that too high taxation is tantamount to "killing the goose that lays the golden eggs."

Sell More in Europe

International Petroleum is also interested in the move to put a duty up against foreign crude oil in the United States. This would not affect the Peruvian production of the company but it would affect the exports of its subsidiary, which is the largest producing unit in Colombia. It would not affect the company's business long as it already has an important outlet in Europe, and such action by the United States would be followed by a refinery at once at Barranca Bermeja, Colombia, and by increased production at its Halifax refinery for the European trade. It has been said that an import tax on crude oil going into the United States would probably mean that International Petroleum and such companies would displace United States crude oil exports to the extent they are shut out of the United States. So far crude oil sales by these companies have been based on mid-Continent prices posted in the United States.

Reported intentions of Standard Oil of New Jersey to merge all its foreign subsidiaries and those just bought from Pan-American Petroleum & Transport Co. into one company do not apply to Imperial Oil or International Petroleum which are independently formed and operated companies.

FRONTENAC OIL GROSS REVENUE SETS UP RECORD

Financial Position Shows Betterment During Past Year

From Our Own Correspondent

MONTREAL. — The establishment of gross profits at a record level and strengthening of the balance sheet position, are highlights of the consolidated report of McColl Frontenac Oil Co. covering the fiscal year ended January 31 last.

Income from all sources totalled $3,370,186. This compared with $2,449,546 in the preceding year. After making more liberal allowance for depreciation, contingencies, bad and doubtful accounts, bond interest and income tax, there remained a net income for the year of $1,381,350. This compares with $1,191,984 in 1931 and $1,444,322 in 1930. After preferred stock dividends, there remained a sum equivalent to $1.81 a share on the common stock, as against $1.45 in the previous year.

Particulars of the profit and loss account follow:

	1931-32	1930-31	1929-30
	$	$	$
*Oper. prof. ..	3,370,186	2,449,546	2,171,394
Bond int.	643,398	522,038	111,542
Balance	2,726,788	1,927,508	2,059,852
Oth. int., etc..	46,462	80,309	132,211
Balance	2,680,326	1,847,199	1,927,641
Dep. and cont.	†984,741	450,000	300,000
Balance	1,695,585	1,397,199	1,627,641
B. D. res.	167,833	154,928	78,319
Net profit	1,527,752	1,242,271	1,549,322
Tax provision	146,400	50,287	105,000
Balance	1,381,352	1,191,984	1,444,322
Pfd. divid. ...	473,392	480,287	437,898
Balance	907,960	711,747	958,074
Com. divid. ..	297,352	298,181	74,990
Balance	610,606	413,566	883,064
Adjust.	......	‡358,273	§113,022
Surplus	610,606	55,293	770,042
Prev. surp. ...	1,428,537	1,373,246	603,187
P. and L.	2,039,143	1,428,539	1,373,249

*Including income from investments.

†Including depreciation, $600,000; and contingent reserve, $384,741.

‡Reserve for investments in affiliated companies and adjustments affecting prior years.

§Losses on realization of investments, adjustments of sales tax, and other charges affecting prior years.

There are a number of interesting changes in the consolidated balance sheet which on January 31 last showed assets valued at $32,483,454, as against $31,287,761 at the close of the preceding fiscal year.

Liquid Resources Gain

Current assets show little change in the aggregate, but there is a reduction in accounts receivable and a marked improvement in liquid position. Cash on hand is more than doubled at $524,228 a new item of $242,500 of National Service Loan bonds appears; while other bonds and stocks, not exceeding market values, show an increase of nearly $70,000 to $299,550.

Investments in lands, buildings and equipment at cost show an increase of nearly $500,000 during the year, this item now standing at $16,802,196.

Among liabilities, deferred contract liabilities and mortgages payable show a reduction. Current liabilities are slightly higher due to an increase in accounts payable.

Reserves have been increased substantially to $2,195,134, a gain of nearly $690,000.

Several Capital Changes

All of the Frontenac Oil Refineries bonds, amounting to $10,000, have been taken up by the company and this item is eliminated from the balance sheet.

There was a further redemption in preferred stock of the company during the year, the amount now totalling $7,806,800.

There is no change in the number of issued shares of common stock, while the surplus has increased from $1,428,537 to $2,039,143.

FORD SEEKS NEW MARKET FOR V-8 CAR

Right to Sell in Britain Should Improve Earnings

BEGINS PRODUCTION

Delay in Delivery of New Models Laid to Caution in Perfecting All Details

Ford Motor Co. of Canada will supply new Ford eights in territory of the English company if present negotiations are successful. In return, the English company would supply "Baby Fords" in territory of Ford of Canada, according to a statement by W. R. Campbell, president of the Canadian company.

Such a plan should eventually give the Canadian company a valuable market for its V-8 cars, in Great Britain, Spain, Egypt and Palestine, which would have a favorable bearing on earnings. It is hoped that the proposed arrangement will assure the operation of the East Windsor plant for several months. At present this plant is employing some 3,000 hands on its spring schedule.

Common stock of Ford of Canada sold at $8¾, the low for the year, this week, in spite of activity at its factories. Volume production of the 1932 four and eight cylinder cars is at last getting under way in Canada and by May 2 it is expected that full speed operations under the present schedule, which calls for production of 5,000 cars during May, will be reached.

Deliveries of cars will probably commence early next week also. Bodies and chassis are already on hand in the assembly plants in Montreal, Toronto and Winnipeg awaiting installation of the new engines.

Plants Tuned Up

Non-appearance of the new models on the streets has caused some speculation by shareholders as to causes of the delay. Plants of the company have been busy tuning up for several weeks, and progress has been slow because caution has been exercised in perfecting details of construction before mass production was attempted.

Apparently models which were placed on display late in March were built mainly for demonstration purposes so that orders could be booked in advance. Rumor has it that Ford rushed into production of these early models in the United States before preparations had been completed, in order to help the unemployment situation there, and that they are, therefore, not identical with the finished product which will be seen in operation within a few days.

Branch Plants Busy

Building of the new bodies has been proceeding for some time in the Toronto, Montreal and Winnipeg plants. Training of workmen on installation of the new motors has also been done and over 300 workers have been on the pay roll of the Toronto plant alone for several weeks past.

Orders have been solicited for the past month so that a good back log has been built up. In spite of this, production up to the present week has been extremely slow, both here and in the United States. One indication of this has been that orders for steel from Ford have been relatively small until last week, when first purchases to take care of volume production were made.

No Dividend Declared

The annual meeting of the Ford Motor Co. of Canada was held on April 25 last, and although no dividend was declared, W. R. Campbell, president, stated that it was not passed. He said that directors did not wish to commit themselves at the present time as to whether or not business conditions would warrant payment of the dividend upon its falling due June 20 next.

Presumably the decision on this question will depend on the volume of business received as the present orders are being exhausted.

It was also stated at the annual meeting that, during the last fiscal year, operations of affiliated foreign companies had been curtailed and that, as a result, their aggregate capital had been impaired to the extent of $439,535. In addition, these affiliated companies owed the Canadian parent company sums which, if transferred at the rates of exchange at Dec. 31, 1931, would involve a loss of $1,031,490. Both of these items have been provided for through increases in investment and contingent reserves by appropriations from surplus account.

Officers and directors of the company were re-elected without change at the meeting.

SIX P.C. SALES TAX HITS BAKING TRADE

Bakers Must Absorb Tax Rather Than Raise Prices

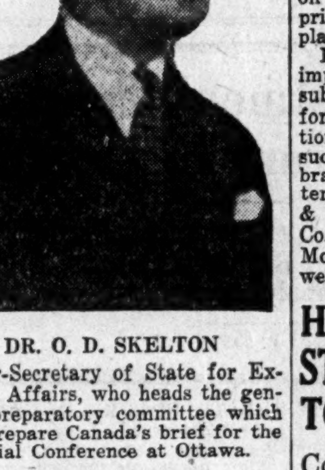
In the opinion of Canadian Baker & Confectioner, the baking industry was thrown into a chaotic condition by imposition of a six per cent sales tax in the new federal budget.

Unfortunately, the exemption of bakers doing a business of less than $5,000 a year is of little use. Moreover, bakers have trimmed their prices so that there is very little profit available, and they cannot increase their prices to absorb the tax because it would tend to hurt sales. In the case of items which are sold at "dozen prices," such as three for 10 cents, it is obviously impracticable to alter the price, so that the bakers have to absorb it.

This tax also interferes in transactions within the trade because of the necessity to have several prices for buyers of different classes and for a single ingredient. It works to the advantage of the large chain grocery in that the wholesaler pays tax on the wholesale price of certain types of cake and the retailer pays on his selling price.

Some baker's associations have intimated to the Government that they would rather pay tax on their ingredients and try to spread the expense over their entire output, but no action has been forthcoming from Ottawa.

Prepares Canada's Brief



DR. O. D. SKELTON

Under-Secretary of State for External Affairs, who heads the general preparatory committee which will prepare Canada's brief for the Imperial Conference at Ottawa.

U.S.A. Firms To Base Prices On 80c Wheat

Some large United States producers of agricultural implements are understood to be planning to guarantee wheat prices of about 80 cents a bushel to Canadian farmers in so far as they apply to 1932 purchases of farm equipment. Just how such a plan would be operated has not been definitely indicated.

This scheme has been applied in the United States for various commodities, but it has apparently been devised, in the case of Canada, to meet the recent offer, by the Massey-Harris Company, of a 10 per cent discount on all purchases of farm machinery and on all payments on present purchase obligations made up to November 30, 1932.

The discount under the Massey-Harris plan is fixed definitely, but the guaranteed price plan of the United States firms will depend on the varying price of wheat. The principal difference in the two plans lies in this feature.

Interests of United States farm implement producers in Canada are substantial, and they were, therefore, obliged to meet the situation which has developed. Among such firms, having plants or branches in this country, are International Harvester Co., Deers & Co., Oliver Farm Equipment Co., J. I. Case Co. and Minneapolis-Moline Power Implement Co. as well as others.

HOLDERS OF DOME STOCK ARE ASKED TO SUPPORT GROUP

Committee Formed by Shareholders Pressing for Higher Dividends

Shareholders of Dome Mines are in receipt of a letter from a committee formed jointly by United States and Canadian shareholders of Dome soliciting their support in an effort to secure the disbursement of a higher rate of dividends, commensurate with the earning power of the company. Last week Dome officials declared a bonus of 20 cents per share, to be paid with the regular quarterly disbursement of 25 cents per share on July 20.

The following is the letter that was forwarded to Dome shareholders:

"A committee has been formed with a view to bringing to the attention of the directors of Dome Mines, Ltd., the fact that the majority of shareholders feel that during the trying time we are at present experiencing, industries such as gold mining should endeavor to pay out to shareholders, by way of dividends and bonuses, the net earnings from the mining operations, especially so when, as is the case with Dome, a sufficient surplus has been built up to sustain the company in perpetuity in the industry in which it is engaged, viz. gold mining.

"It is my ambition to put ten dollars behind every share of Dome Mine stock," the president is reported as saying. "In the laudable ambition your committee does not concur, since we believe that in mining particularly the profits of a period belong to the shareholders of that period. We propose moving at the next annual meeting that Dome be placed on a regular dividend basis of $1.60 per share, payable forty cents quarterly plus bonuses, to bring the total payments up to the net earnings of the company as long as earnings warrant it.

"The directors have not been communicative about the date on which the meeting will be held and when the Dome meeting is announced there may not be sufficient time to comply with the requirements and organize forces. It is for this reason we, the committee, are writing you in advance of the official announcement of the annual meeting and enclosing proxy form for this purpose. The committee pledge themselves to vote for any resolution, motion, amendment or policy which will favor increased dividends and no further accumulation of surplus.

"We believe that Dome has been efficiently managed, in fact few mines have come through the present time with so little reason for complaint, and we feel that this is due to the fact that the company's general manager, H. P. DePencier, was ever sane and conservative. Dome has produced $50,886,387 and from this has paid shareholders to date $15,265,843 and besides built up a sufficient surplus to sustain it for many years to come in a leading position as a mining company.

"We trust you concur in our views and that you will lend your support to the committee, whose slogan is: The profits of a period belong to the shareholders of that period after sufficient surplus has been built up to sustain the company in the enterprise in which it is engaged."

McColl-Frontenac Oil Company Limited and Subsidiary Companies

CONSOLIDATED BALANCE SHEET JANUARY 31st, 1932

ASSETS

CURRENT ASSETS:		
Cash on Hand and in Bank	$ 524,228.24	
National Service Loan 5% 1936 (Par Value $250,000.00)	242,500.00	
Other Bonds and Stocks not exceeding Market Value	299,550.00	
Accounts and Bills Receivable, less Reserve for Bad and Doubtful Accounts	1,363,584.89	
Inventories of Merchandise and Supplies	3,273,661.53	
		$ 5,703,524.66
INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES AND LOANS AND MORTGAGES TO CUSTOMERS (less Reserve)		1,040,102.14
DEFERRED CHARGES:		
Insurance, Taxes and Other Prepaid Expenses	$ 207,459.41	
Bond Discount and Expense	737,089.92	
		944,549.33
FIXED ASSETS:		
Land, Buildings and Equipment at Cost	$ 16,802,196.71	
Premiums paid on Purchase of Subsidiary Companies' Capital Stocks, Trade Marks, Processes and Goodwill—Balance as at 31st January, 1930	7,685,316.87	
		24,487,513.58
Cost of Common Shares of Company purchased under By-Law "D" for Sale to Employees		307,764.78
		$32,483,454.49

LIABILITIES

CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities		$ 776,434.35	
Bond Interest Payable		215,160.00	
Income Tax Reserve		158,724.53	
			$ 1,150,318.88
DEFERRED CONTRACT LIABILITIES			271,297.79
MORTGAGES PAYABLE			350,760.14
RESERVES:			
For Depreciation		$ 1,931,403.78	
General and Contingency		263,730.60	
			2,195,134.38
FIRST MORTGAGE COLLATERAL TRUST CONVERTIBLE 6% BONDS due 1949 (Authorized Issue $25,000,000.00)			9,780,000.00
*PREFERRED STOCK:			
6% Cumulative Sinking Fund Preferred Shares of $100.00 each—(Authorized Issue 100,000 shares)			
Issued	82,053 shares	$ 8,205,300.00	
DEDUCT: Redeemed	2,192 "	219,200.00	
	79,861	$ 7,986,100.00	
DEDUCT: Held for Redemption	1,793 "	179,300.00	
	78,068 "		7,806,800.00
COMMON SHARES AND SURPLUS:			
Common Shares:			
Authorized 750,000 shares without Nominal or par value: Issued 500,000 shares		$ 8,890,000.00	
Surplus: Balance at 31st January, 1932		2,039,143.30	
			10,929,143.30
			$32,483,454.49

NOTE: A dividend of Fifteen Cents per share on the Common shares has been declared payable 15th March, 1932.

*Redeemable at $105 on any dividend date after 30 days' notice.

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of McColl-Frontenac Oil Company Limited and its Subsidiary Companies for the year ending 31st January, 1932, and have received all the information and explanations which we have required; and we certify that, in our opinion, the attached Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st January, 1932, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

P. S. ROSS & SONS,
PRICE, WATERHOUSE & CO.,
Auditors

MONTREAL, 12th April, 1932.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT YEAR ENDED 31st JANUARY, 1932

Profit from Operations and Income from Investments		$ 3,370,186.44
DEDUCT:		
Bank Interest		2,900.51
		$ 3,367,285.93
DEDUCT:		
Reserve for Depreciation	$ 600,000.00	
Provision for Bad and Doubtful Accounts	167,833.02	
Reserve for Contingencies, etc.	384,741.40	
Amortization of Bond Discount	43,562.66	
		1,196,137.08
		$ 2,171,148.85
DEDUCT ALSO:		
Interest on Bonds	$ 586,311.26	
U.S. Exchange paid and accrued on Bond Interest	57,086.95	
		643,398.21
Net Profit for the Year before providing for Income Tax		$ 1,527,750.64
Provision for Income Tax Year ending 31st January, 1932		146,400.00
		$ 1,381,350.64
Dividends paid on 6% Preferred Stock		473,392.50
		$ 907,958.14
Dividends paid on Common Shares—Four quarterly dividends of fifteen cents per share up to 15th December, 1931		297,352.20
		$ 610,605.94
ADD:		
Surplus Balance at 31st January, 1931		1,428,537.36
Surplus Balance at 31st January, 1932		$ 2,039,143.30

The Financial Post Answers Your Questions Without Charge

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Tenders for County of Carleton Debentures, 1932

SEALED TENDERS addressed to the undersigned will be received up to 2 P.M., Tuesday, May 3rd, 1932, for the purchase of the following blocks of debentures, bearing 6 per cent. interest with coupons attached, dated April 1st, 1932.

$200,000.00 payable in 10 equal annual instalments of principal and interest.

$25,000.00 payable in 20 equal annual instalments of principal and interest.

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HENRY R. WASHINGTON,
County Clerk and Treasurer,
Court House, Ottawa.

Your Investments

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Does Selling Stock To Employees Pay?

Steel Co. of Canada Plans Have Proved Successful to Date—Avoided Selling in Boom Days—Pensions and Benefits

Steel Company of Canada, which was one of the first important companies in the Dominion to issue stock to its employees, has had a more successful experience with this method of encouraging savings by employees than have most companies in Canada and the United States. This is due partly to the fact that sales of stock to employees have been supplementary to pension and benefit plans, that diversification has been partly provided for by sale of Dominion Government bonds and that no stock has been sold to employees during times of speculative excitement in the stock market.

The earliest distribution of shares to employees by Steel Co. of Canada was in 1913 and there were three other distributions in 1923, 1925 and 1926 respectively. Executives of the company did not encourage purchase of stock in 1928 and 1929 by employees because the general market was inordinately high and it was feared that capital losses might ensue. The outcome proved them right, and that exercise of good judgment is one reason why stock purchases by employees of Steel Co. of Canada have not shown them a loss.

Plan Will Be Continued

The company has not abandoned the idea of making sales of stock to employees from time to time. Already the company has accumulated on the open market a number of shares with the idea of making a distribution when the time is ripe for it. Just at the moment the main concern of the company is to spread available work over as many employees as possible. It was obliged because of reduction in the cost of living, and following changes made by the leading steel companies in the United States, to reduce wages on October 15, 1931, after salaries and directors' fees had also been reduced. Many economies have since been made in order to meet the decline in selling prices and the management of each plant has been instructed to keep in close touch with all employees in order that the company can relieve any cases of acute distress.

Evidently, however, this company looks beyond the present troubles to a time when stock prices will once more be reflecting or foretelling increasing business. It did not sell through the boom days of 1928 and 1929 to employees because that might mean later losses. But now—as pointed out by Ross H. McMaster, president, under date of February 24, in the report to shareholders on the annual financial statement of 1931 — the company has taken advantage of recent low prices to accumulate certain shares of the company's capital stock which will be held by trustees pending an appropriate opportunity for making a distribution to employees on favorable terms.

Underwrote Government Bonds

The company still desires its employees to become shareholders in increasing numbers. The holders of preference and ordinary shares at the end of 1931 numbered 8,355 as compared with 4,682 five years ago. The number of employee stockholders has not been stated. Stock purchase plans look almost exclusively to the future welfare of employees. Pension and benefit plans have been particularly helpful during the difficult period just traversed. Since their inception the amount of $362,000 has been spent on these plans out of the accumulated income of these funds.

In the balance sheet for the year ending December 31, 1931, the company has among its assets an amount of $1,455,491 representing securities set aside for special purposes as follows: $230,746 for shares of the company and National Service Loan bonds held in trust for employees; $422,504 for the benefit plan fund; and $802,242 for the pensions plan fund.

Though the company has not sold its own stock to employers since November, 1926, the company extended easy terms to them in December, 1931, when the National Service Loan was floated. Underwriting National Service bonds for sale to the employees on the partial payment plan was intended as a contribution by the company to aid the Government in ensuring the success of the loan.

In answer to a letter asking for information as to the experience with its various plans, the company commented in part as follows:

Plan as Whole Succeeded

"From our experience we should say that the compulsory savings necessary to take care of installments due on these stocks and bonds, would not occur otherwise, in most cases. This alone commends such plans. Moreover, a feeling of common interest in the company's welfare is fostered, not only among those employees who have subscribed but, through them, among employees in general.

"Since 1926 the company has made no distribution of stock to employees, because the management has always borne in mind the principle that small capital investments by wage and salary earners should be given the utmost protection, and stock prices in 1928 and 1929 offered too great a risk. Now that deflation has brought stock prices to low levels, the company is again preparing for an issue to employees at a suitable time."

The Steel Co. of Canada plan by this policy has thus disarmed criticism levelled at stock issues to employees on the ground that no plan should encourage employees to risk small savings through the purchase of common stock by refraining from the issue of stock to employees in periods when prices were apt to reflect an inflated idea of value. The last issue of stock by the Steel Co. of Canada to its employees was upon such conditions that but a small loss would be realized should liquidation be necessary even at today's depressed values. Those in charge of the plan feel that the plan should be studied as a whole and not with respect to the market valuation of the stock at any one period of extreme deflation. Those employees who have participated in two or more of the issues have seen an increase in their invested capital, and have enjoyed so far an uninterrupted income return through dividends. Those employees who have participated in all the stock issues show a handsome appreciation in the capital value of their investments even at the present period.

In common with the experience of a number of other important companies which inaugurated such plans, the high prices in 1928 and 1929 tempted some employees to sell their Steel of Canada stocks at a good profit. In some cases, it is reported, the money so realized has been re-invested in the company's securities. Deducting all stock which may have been liquidated due to death or for other reasons, it has been found roughly that half the number of shares purchased under the stock-selling plans have been retained as a permanent investment, and this is regarded as an excellent record.

Pension and Benefit Plans

Besides its plans for the promotion of thrift among employees, the Steel Co. of Canada has also provided for old age and disability through its Pension Plan and for sickness, accident and death insurance through its Benefit Plan. The Pension Plan was put into effect as long ago as January 1, 1920. It provides, at no expense to the employee, for a monthly income when advancing age shall have deprived him or her of earning ability. This income is graduated according to wages or salaries paid during the ten years prior to retirement. Already over 150 employees have been pensioned, and the dossier of letters from these employees is one of the clearest evidences to the executive and directorate that this plan has really been the best kind of premium on loyalty and long service.

In 1928 the company adopted a benefit plan after considerable thought and study. This plan provides medical attention at all plants, pays for hospital expenses and specialist's fees whenever necessary, allows sickness benefits and provides for the payment of insurance in the case of death. Each employee pays a small monthly fee, but this may be deferred during periods of slack operations or sickness. In case of leaving the employ of the company, any individual may arrange to continue his or her life insurance. As contributions by employees to the benefit plan cover only a part of the annual outlay, the larger share of the expense falls upon and is taken care of by the company.

No Actual Want Permitted

Executives report to The Financial Post that the benefit plan in operation has proved of the greatest service. Each plant has its own nurse and physician. Every injury, however slight, is attended to at once in the plant's own first aid room with the result that complications due to neglect have greatly decreased. Blood-poisoning cases and eye injuries, for instance, are now rare. In case of sickness, the doctor attends at the employee's home when necessary, and, if needed, medicine and other supplies are furnished without cost to the patient.

The backbone of the cost of operating both the pension and the benefit plans has been met by setting aside monies out of the profits of the company in certain years and investing them in securities earmarked for the purpose. In this manner, funds provided in years of prosperity have prevented the operation of the plans proving unduly onerous in years of leaner profits. Supplementing and closely related to these plans workmen have been educated to work along safe and sane lines with the idea of giving continuous heed in the course of their work to the avoidance of risk, to elementary hygiene and to the care of all injuries. Partly through special measures taken, partly because of the policy of spreading work and because of the closer touch maintained with employees, no male employee or his family has been allowed actually to want in the period of restricted employment. Cases are investigated and the necessaries supplied whenever needed.

Encouraging Savings

The maximum under the pension plan is limited to $1,000 per annum, but this is not considered sufficient to affect the incentive of the individual to save and provide, in addition, for his own future, and such additional saving the company's executives have considered most desirable. That was one reason for underwriting the National Service Loan to employees and the company itself was surprised by the response of employees even in these difficult times to the opportunity to save by installments. Experience suggests that without such opportunities being brought forcibly to the attention of employees, saving is not apt to occur. The compulsory feature of saving by installments does really cause savings which might not otherwise occur.

Social Legislation Goes Too Far

Executives of the company do not consider their various plans to fall under the heading, "profit-sharing." They feel that the rank and file of their employees would not welcome paternalism and that successful profit-sharing plans can only embrace a limited few in any organization. In devising their various plans they have striven to avoid pitfalls which have been encountered by such plans elsewhere in the United States and Canada. They have been averse, for instance, to any plans which menace individual independence and they also had to consider the fact that business can only afford to carry a certain load. An executive of The Steel Co. of Canada expressed himself as thoroughly in accord with the recent report of Mr. Justice Middleton, which emphasizes that social legislation has been gradually going to extremes. Many of the recipients of benefits under these social laws forget that the cost must be assumed by the population at large. It becomes an expense which must enter into the cost of goods and, therefore, into the prices of articles or service.

Thinks Unemployment Insurance Bad

"Unemployment insurance is the worst form of social legislation," said this executive. "Thereunder the improvident and shiftless are carried on the shoulders of the thrifty and industrious. The experiences in Germany and Britain prove that unemployment insurance breeds unemployment. It also proves that a suspension of the natural laws of supply and demand leads, in the end, to an actual dis-service to those in whose interests such social legislation is ostensibly framed. In this competitive world the benefits available are proportionate to the skill, ingenuity, and industry of the population. Cost of social legislation in Germany and Great Britain has seriously affected their competitive and economic position."

A large share of the cost of what Steel Co. of Canada has done along welfare lines has been supported by the income from earnings which the shareholders of the company have authorized to be set aside from time to time out of the profits of prosperous years. This policy has been particularly helpful under conditions such as exist at present, and does much to ensure the continuity of these plans.

It is obvious that the sale in 1929 by many of the employees of their shares at high prices, though making them a profit, defeated one of the objects of the company in providing such opportunities for investment at special terms and conditions, that is, the desirability of having employees interested financially in the affairs of the company. At the same time there was no desire on the part of the company to stand in the way of employees making such profits and this policy has been further reinforced in that many of these employees reinvested in the company's shares at lower prices. The profit obtained in 1929 probably helped such individuals.

Making Workmen Capitalists

Another current idea which led to the offer of stock to employees is that the desire so apparent in the last generation of wanting to own one's own business still is unimpaired in force, but modern business, requiring a greater concentration of capital, can only present this opportunity to most people through stock ownership.

"If the security is of a character which qualifies as suitable for those of limited means and for those whose experience of security values is limited, it is, in my judgment, most desirable to encourage the idea and to provide the opportunity," said a Steel Company executive who has had a large share in forming the policies referred to.

"For such reasons our first offer to employees was exclusively of preference shares."

Such a plan must necessarily derive its strongest support from the actual experience of the company itself which since 1909 has only had deficits in the years 1914, 1921, 1922 and 1931. Its total assets, total surplus and liquid assets have grown almost continuously and do justify a very large measure of confidence.

Toronto Suburban

Can you tell me the present value and prospects of Toronto Suburban Railway debentures?

As you are doubtless aware, the Canadian National Railways did not pay interest due July 15, 1931, on the $2,628,000 4½ per cent debenture stock of the Toronto Suburban Railways. Operation of the line was discontinued on August 15, and W. A. Walker, Toronto, was appointed receiver for the property.

The British Empire Trust Company is trustee for the debenture stockholders and has made certain representations to the Canadian National Railways and the Dominion Government for re-consideration of their action in letting the debenture stock go in default of interest. We understand that the trustees have received no satisfactory reply.

Assets of the company consisting of right of way and rolling stocks are being guarded subject to sale by the receiver. Since the line has not shown a profit on operations for some years, its sale as a going concern is most doubtful and there has been no indication as to what the receiver should secure if rolling stock and other assets of the company were put up for sale. We understand that there is more than $100,000 cash on hand so that if the right of way and rolling stock of the company had no value whatever, there would still be some cash to be distributed among debenture stockholders.

Loblaw, Dominion Stores

Are Dominion Stores common and Loblaw "A" or "B" stocks as good in Canada as Safeway stock is in the United States?

As The Financial Post does not give information to investors with regard to securities which are not listed on Canadian stock exchanges, a comparison of Dominion Stores and Loblaw with Safeway is out of its field. Dominion Stores and Loblaw are the leading chain stores in Canada and their securities have attained a good market following because of the progressive expansion and success of these companies in the last 10 years. If the same good judgment, business energy, and adaptability to changing merchandising trends continue in the years ahead as in the past, these companies are financially strong enough to give a good account of themselves, even in such periods of depression as the present. They have given a good account of themselves to date.

Bonded Royalties

I am enclosing a pamphlet of Bonded Royalties Ltd., which I have just received. I have been offered what I consider to be excessive inducements in order to secure my investment. Would you please give me your candid opinion of this form of investment?

Bonded Royalties, Ltd., is a syndicate which sells units of participating rights in oil royalties bought in the Oklahoma field. The owner of a unit gets his pro rata share of the total amount collected by the syndicate less any charges for expenses of the administrator.

The return on all oil royalties should be considered in part a return of capital. Many Canadian royalty owners have found that they bought at the peak of production and that the return diminished rather rapidly thereafter.

On March 15, 1932, Bonded Royalties paid an extra cash dividend of 20c per share on series "B" bonded trustee shares in addition to the regular monthly dividend of 1 per cent. The participation trust certificates do not bear a definite dividend or interest rate but are distributed by the trustee according to production in the field and price of crude oil.

An undated circular in our possession states that Bonded Trustee shares represent a deeded interest in properties on which are located 248 producing wells, every one of which is earning monthly returns for the holders of the shares. It estimates, also, that there are 76 undrilled locations on which wells may be drilled.

Much depends on what is charged for the royalties purchased. You should be given exact information as to this before buying. This would give you an opportunity to compare price with market values in Oklahoma of particular royalty whose participating units are sold.

London-Canadian

What was the position of London Canadian Investment Corp. at the end of 1931? Is it correct that the value of the company's investments was less than the total of debentures outstanding?

The balance sheet of London Canadian Investment Corp. at December, 31, 1931, showed that on the basis of market value of securities, and other assets, less current liabilities, the equity of each $1,000 debenture was $893. On this basis, of course, there was no equity for the preferred and common shares. The depreciation in investment was responsible for this situation; investments at cost totalled $10,834,714, but market value at the end of last year was $5,118,044. There is a nominal market of around 30-35 for the debentures.

Can. Financial Founders

A policyholder of mine has asked if I can obtain any information with regard to an investment she is making in "Canadian Financial Founders." Could you give me any information on this investment?

The Canadian Financial Founders plan calls for a monthly payment of $10 or more over a period of ten years. The investment certificate has a face value of $1,200 and multiples. Insurance protection is afforded on the unpaid balance of the face value of the certificate.

After deduction for sales and management expenses and profit of Canadian Financial Founders and premiums on insurance, the proceeds of the monthly installments are invested in Diversified Trustee Shares, series C, which is a fixed trust containing in its portfolio common stocks of leading corporations in the United States. At the present time and in recent months, the investor purchasing such shares would have had to pay a substantial premium on U. S. funds. Diversified Trustee Shares, series C, pay semi-annual disbursements depending upon the amount of dividends, etc., derived from the underlying stocks and such disbursements are re-invested by Canadian Financial Founders in additional Diversified Trustee Shares, series C. The investor does not, therefore, receive any dividends during the period in which he is making monthly payments for Canadian Financial Founders but allows all returns to accumulate. There is no surety as to the amount of accumulation over the ten-year period, nor is it possible to forecast what value Diversified Trustee Shares will have upon termination of the contract.

The initial charges to the Canadian Founders plan are sufficiently high to preclude the possibility of the investor receiving very much of his investment back should the contract be terminated at the end of the first or second year. This is in part due to the fact that insurance premiums are naturally higher during the first few years due to the greater amount of protection given. Full benefit of the plan will not accrue to the investor unless monthly payments are maintained over a period of years and before purchasing a Canadian Financial Founders certificate, the investor should be assured that he will be in a position to maintain such regular payments.

British American Oil

Will you please favor me with your opinion regarding the stock of British American Oil Co. in view of their statement for 1931, taking into consideration the increase in bank loans and reduction in working capital due to their expansion programme?

Do you consider they were wise in enlarging their refining capacity under present conditions and should this now increase their net earnings, or will such increase depend upon increased sales?

Would you advise an exchange of British American stock for Bell Telephone stock, or if not Bell Telephone, would you care to suggest a stock that in your opinion has better prospects as a hold for the future? You will understand of course that the sale of this stock at the present market price will entail quite a heavy loss, but this might be offset by buying a better security at the present depreciated market price.

Whether or not British American Oil Co. was wise to pursue its expansion programme at the expense of increasing bank loans and reducing working capital in 1931, time will have to answer. On the face of it, however, the company apparently has put itself for the long view in a much more favorable position in that it is now a fully integrated company which is in the oil business all the way from drilling for oil in Oklahoma and East Texas to the selling to the ultimate consumer in Canada. Having built a modern refinery in Montreal the company is in a position to expand further its distributing business in the Province of Quebec and Eastern Ontario. If this had been a period of stock market activity, it is probable that the additions to the company's plant and extension of service would have been financed by a stock issue through rights given to subscribers. Under present market conditions the money so obtained would be at too high a cost and as a temporary measure it was no doubt felt that increasing bank loans was the cheapest way of financing.

Remarks made at the annual meeting make it appear that the company increased its net earnings, while actual gallonage sold was down somewhat. Some advantage came to it therefore from these new earning assets added during the year.

Whether that will continue through 1932 or not depends a good deal upon conditions which cannot be foreseen. If there is a large amount of tourist traffic that would be all to the good for this and other companies. If there is an early winter towards the end of 1932 that would tend to limit sales. You will notice that at the meeting Mr. Parsons, chairman of the board, qualified his hopeful remarks about future prospects by stating that dividends could be maintained unless factors now unforeseen entered into the situation.

The Financial Post does not recommend on switches. British American Oil stock may be considered as an "enterprise" stock, one that a person buys with the idea of taking whatever risk may be inherent in industrial operations because of the greater possibilities of profit over years through good management and in expansion policies of the company.

Bell Telephone, on the contrary, has generally been considered in the category of an investment stock which year in and year out is expected to pay 8 per cent. That amount was not earned in 1931, but with its monopoly of business in the most populous provinces of Canada and with the additional fact that in the past applications for changes in rates have always been considered by the Dominion Railroad commission with the idea that the 8 per cent rate should be maintained, that deficiency in earnings is not regarded by investors as seriously as a similar deficiency in profits applicable to the common stock of an industrial company would be.

It only remains to say that British American Oil earned last year $1.04 a share and paid 80 cents, and that the past dividend record is good.

Hiram Walker

I should be much obliged if you would give me your opinion on a small matter.

I own 100 shares of Hiram Walker common stock which I purchased in 1929 at $11 per share. Under the new arrangement I receive 25 preferred and 25 common. The company can redeem the preferred—the most I could obtain for them would be $500 —the present market value of the common is $3. It seems that the company gets the benefit under any circumstances. As for dividends, I am assured of $25 per year for the preferred. This is the amount that has been paid for the 100 common latterly, but with the coming of better times there was, or would be, always the hope of this amount increasing, not to mention the possibility of the common stock advancing in price on the market.

I cannot see where the shareholder benefits, unless of course he has been able to purchase at the lowest figure (2½), I think, it was.

It is expected by many shareholders of Hiram Walker-Gooderham and Worts that the money secured by the company some years ago by issuing rights will be used in buying back the preferred stock and thus leave eventually only the common stock outstanding. Naturally the $7,000,000 or $8,000,000 in the treasury would not be there if this is done, but the common stock thus reduced in a few years to one quarter of its present size would naturally become more valuable if the company's business were to show an improvement. In the meantime the preferred shares have greater investment value because of having precedence over the common stock.

When the company sold additional stock a few years ago it had in mind considerable expansion. Now that considerable overproduction in the distilling industry is very evident, the company has abandoned such expansion plans and payment off of such a preferred stock as that just created may be regarded as a constructive plan. The chances of appreciation have not been interfered with by the reduction in number of shares. In fact the new plan accounts for a great deal of the market activity. The plan simply allows the distribution to shareholders of the amount formerly received from them for stock.

Abitibi Power

Will you please give me a report on Abitibi Power and Paper Co. first mortgage 5 per cent bonds due in 1953? The price is very low at the present time.

Will you please also give me a report on Postal Telegraph & Cable Bonds, 5 per cent, due 1953?

Abitibi Power & Paper Co. is one of the leading companies in the industry, but the industry as a whole has a more serious problem to face than at any time in its history. In the last decade far too great industrial capacity was established in Canada and with the diminution in business volume and, therefore, in demand for newsprint during the last two years only the soundest companies have been able to keep from default. Abitibi Power is one of these.

It starts 1932 on a new basis, however, because of the drop of $4 a ton in price of newsprint. Currently it is helped by the difference between the exchange value of the American dollar and the Canadian dollar. It also looks after bond interest and sinking fund in United States dollars. The low level of demand at present is the chief cause for anxiety. The company has closed down practically all woods operations and will continue in this way until the great bulk of its pulpwood inventory has been liquidated.

Postal Telegraph and Cable Corp. has two bond issues both due in 1953. One is the five per cent, twenty-five year collateral trust gold bonds outstanding to the extent of $44,630,530, which we understand you are holding, and five per cent twenty-five year collateral trust debenture stock of which there is outstanding $6,039,680. In 1928, 1929 and 1930 bond interest was earned by this company after depreciation, but in 1931 all interest was earned only to about onethird of the total required. Working capital remains strong, but business improvement would be of great benefit to the company.

Financing in 1932

I expect to be in the market this year for government bonds. Would appreciate your opinion as to whether it is the intention of the Dominion Government to float a new loan this year or not. If in your opinion a new loan will be floated what, in your opinion, will be the rate of interest?

The Dominion Government must undertake new financing during 1932, and there will also be Canadian National Railway financing which will carry the Dominion's guarantee. While there is no definite indication of how much financing will be done, the total of Dominion and Dominion guaranteed issues to be sold will probably total $200,000,000 or even more.

It is not expected that this financing will be done before the fall although it is possible earlier should the conditions in the bond market show any substantial improvement. It is impossible to make a guess that would have any degree of accuracy as to the price at which such bonds would be offered since the pricing of the offering is subject to a great many variables.

National Debenture

What is the financial position of the National Debenture Corp. of Toronto, one of the numerous Stimson Co.'s which went into bankruptcy in January, 1931?

I am engaged for $6,000 and finally I have not received a cent of interest on my money for 20 months and you will understand that waiting for my $6,000 such a time is causing me a lot of trouble.

I want to know how long it will take to clear the matter up and how much I will receive on the dollar when things will have been fixed up.

I have 5½ per cent debentures and I want to know if those debentures will have first call on the money.

Some time ago the liquidator of National Debenture Corp. informed us that the company had issued $36,700 5½% collateral trust debentures all held by the public and $928,600 in various issues of 6% debentures of which $628,600 were held by the public, $20,000 by George A. Stimson & Company, and $280,000 by Grand Central Markets. The capital stock has no par value and consists of 100,000 shares of which 51,290 were held by the public and 48,710 shares by George A. Stimson & Co. Your collateral trust 5½% debentures are secured by deed of trust by the Trust & Guarantee Co., and as at January 31, 1931, it was stated that the securities held against them were cash collateral account $5,570, sinking fund credit balance $5,450, government and municipal bonds $16,371 and mortgages receivable amounting to $18,267. That made a total of $45,658, with an equity of $6,958 to carry to other assets.

Reforestation in Nova Scotia

Boy Scouts in the Province of Nova Scotia have been encouraged to take a practical interest in reforestation, and will likely be offering their services again this year. Last year they planted 80,000 trees in areas suitable for reforestation in the province.

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Life Co's Expected to Pay Provinces $3,500,000 in 1932

IS TAX ON SAVINGS

Companies May Take Vigorous Action Shortly as Rate Grows Higher in Most Areas

With two provinces yet to hear from, Canadian life insurance companies foresee that increased provincial taxation on gross premiums will cost them in the neighborhood of $500,000 during 1932. Manitoba and Prince Edward Island are the only provinces where the 1932 tax rate has not yet been struck.

Last year the 44 member companies of the Canadian Life Officers' Association which comprises practically the entire Canadian field, paid in premium taxes to the nine provincial governments $2,976,540, which was an increase of nearly $100,000 over the corresponding figure for 1930. This reflected increased taxation by most of the provinces since total premiums written in Canada in 1931 were lower by nearly 13 per cent than in 1930.

All provinces tax gross premiums, although some allow deductions from the gross figure before computing the tax. The highest rate of any province under the new 1932 schedules is in Saskatchewan where the tax is now 3 per cent on gross premiums. British Columbia is the only province not to increase the rate in 1932, and in this province individual income taxpayers can deduct the amount of their premiums from their income in making their returns, which gives a net tax for the province as a whole of a little under 2 per cent.

The following table shows the actual premium taxes paid to provincial governments by life insurance companies in 1928, 1930 and 1931.

Premium Taxes Paid to Provincial Governments by Life Insurance Companies*

	1928 $	1930 $	1931 $
Alta.	184,211	230,301	231,800
B. C.	226,428	268,744	295,898
Man.	219,571	253,911	259,529
N. B.	61,495	67,256	65,981
N. S.	118,775	139,731	141,990
Ont.	715,663	852,448	899,530
P. E. I.	6,614	8,168	1,331
Que.	712,209	860,049	896,756
Sask.	196,028	217,466	183,725
Totals	2,440,994	2,898,[illegible]4	2,976,540

*Above figures compiled from information as submitted by 44 Member Companies of The Canadian Life Insurance Officers Association.

Of course life insurance companies pay other taxes in addition to premium taxes, but it is the premium tax which is most objected to on the ground that in the first place it constitutes a discrimination against saving, since no other savings are taxed in this way. Also life companies incline to the opinion that the tax is strictly an indirect tax and therefore not intra vires the provincial governments which are permitted only to levy direct taxes. It is not unlikely that this matter may be taken up very vigorously in the near future in view of the steady increase in this form of taxation.

A compilation showing just what each of these premium taxes is in the various provinces, together with the 1930 rate, follows:

Premium Tax on Life Insurance Companies 1932 and 1931

British Columbia—
1932—2¼ per cent on gross premiums collected. No deductions allowed.
1931—Same as in 1932.

Alberta—
1932—Surcharge of 10 per cent added to 1931 levy.
1931—Two per cent on gross premium income.

Saskatchewan—
1932—Three per cent on premiums collected, less amounts refunded.
1931—Two per cent on premiums collected less amounts refunded.

Manitoba—
1932—Increase to three per cent proposed but not confirmed.
1931—Two per cent on gross premiums collected.

Ontario—
1932—1¾ per cent on premiums collected less amounts refunded (latter average about 10 per cent of gross).
1931—1¼ per cent on same basis as above.

Quebec—
1932—1¾ per cent on gross premiums plus additional tax of 1⅛ per cent on net profits derived from Quebec business.
1931—1¾ per cent on gross premiums.

New Brunswick—
1932—1½ per cent on premiums collected less amounts refunded (latter average about 10 per cent of gross) plus surcharge of 50 per cent for 1932. Power is given to Lt.-Governor-in-council to extend this special tax till 1933. Actual rate of tax for 1932 therefore equals 2¼ per cent.
1931—1½ per cent on premiums collected, less amounts refunded.

Nova Scotia—
1932—2½ per cent on gross premiums.
1931—Two per cent on gross premiums.

Prince Edward Island—
1932—Proposed change not yet announced.
1931—One per cent on gross premium income.

American Life Convention To Meet at Toronto

American Life Convention will hold its 27th annual meeting in Toronto on October 5, 6 and 7, it is officially announced. This year's meeting is the first ever held outside the United States. Four Canadian companies are members of the convention, namely Canada Life, Sun Life, Imperial Life and Confederation Life. Attendance of upward of 500 insurance executives and departmental officials, is expected.

The convention's legal section will convene prior to the convention on October 3. The financial section will meet October 4, while the main body of the convention will gather on October 5. General session will continue on October 6 and the agency section meeting will be held October 7.

RUDOLPH DUNBAR has resigned the position as joint manager of Los Angeles branch of Canada Life Insurance Co. in order to devote all his time to personal production. He remains at the same branch.

C. H. CARPENTER, formerly joint manager with Rudolph Dunbar, of the Los Angeles branch, Canada Life Company, now becomes manager.

Claims Life Companies Discriminate in Investments

Maritimer Thinks Insurance Companies Bleed Seaboard Provinces of Premiums and Fail to Invest There Proportionately

John W. Regan, of Halifax, objects that life insurance companies are discriminating against the Maritimes in that they do not invest their funds in that part of the Dominion, in proportion to the amount of business they transact there.

The Financial Post publishes herewith Mr. Regan's objections and in a subsequent issue will publish replies received from various leading companies doing business in those provinces, and stating the life insurance company position in this regard.

We will be glad to hear from any companies who feel they would like to comment on this most interesting subject—a subject, by the way, which is of equal importance to every other part of Canada for if there is justice in Mr. Regan's criticism, how about British Columbia or Saskatchewan or any other part of the Dominion?

Editor, The Financial Post:

There are twenty-one life insurance agencies (not to mention fire companies and other collecting agencies) doing business in Halifax and throughout Nova Scotia and paying provincial taxes on premiums. During the current depression most of the life companies have strengthened their Maritime sales force and increased their Maritime advertising expenditures for the purpose of increasing their sales in this territory to make up to some extent the falling off in the west. The following is an extract from a recent life insurance advertisement which has appeared in Halifax papers evidently prepared at head office:

"Our invested assets are non-speculative and divided as follows:

"65% first mortgages (95 out of every 100 are on improved city real estate),

"22½% high grade bonds and debentures (not stocks),

"10% policy loans and liens,

"2½% miscellaneous items."

The security seems to be excellent but I venture the guess that not one dollar of the "65% First mortgages" is in Nova Scotia real estate and a very small portion in our bonds. There is no occasion to specify the company from whose advertisement the above extract was taken because in this respect the life companies are practically all in the same boat, "we don't lend on mortgage in Nova Scotia." Nova Scotia is banned.

The life companies collect millions in premiums in the province and employ these funds in Quebec and Ontario or in the west to aid the development of other localities. At present they probably have quite a few frozen loans in the west.

Agents Battle Discrimination

Local life insurance agents have loyally battled for years against this discrimination in the matter of mortgage loans but have finally given it up in sort of disgust. Several general managers and presidents used to humbug them saying they were prepared to favorably consider mortgages if suitable propositions were submitted. The agents now know this is just evasion as they have sent forward all sorts of proposals without success so they have given it up as a bad job and don't encourage clients any longer.

Probably half the life companies have also ceased to dissimulate on this matter and tell you frankly they don't lend money on mortgage in Nova Scotia. They claim to own a few provincial or municipal bonds. In regard to mortgages several companies repeat the old geography gag you can hear in Toronto any time even from members of the executive of the Maritime Provinces Association that "Geography is against you and Halifax is too far away from the centre for us to obtain reliable real estate valuations which our insurance managers are not permitted to supply."

They forget the distance is the same either way or for selling insurance. One life company said they buy Dominion government bonds which they contend proportionately benefits this province, which is a far-fetched and doubtful argument and happens to have some bearing on pressure of federal financing through banks and life and loan companies operating interprovincial who are gathering and concentrating national savings at one or two points and possibly starving local requirements. The same is true of large private underwritings financed through the accessibility of bank and insurance funds, at central points.

Makes Financing Difficult

This situation as indicated creates a definite hardship in mortgage financing as such loans are no longer individual as in old days but almost exclusively institutional and if they happen to exceed a modest amount except in exceptional cases, are outside the normal scope of local loan or trust or insurance companies. Such mortgages are therefore only obtainable from life companies or by bond issues or occasionally from fire companies. If life companies won't lend in the Maritime field development is retarded.

Probably ten years ago I asked the superintendent of insurance for information as to the distribution of life investments which at that time amounted to $200,835,690 in bonds, stocks and mortgages of which $2,780,896 or 1.39 per cent was in Nova Scotia securities, including $973,417 first mortgages.

Recently the superintendent supplied me with the same statistics as at Dec. 31, 1930. Total investments of the life companies in Canada had grown nearly six times to $1,121,138,016 including $335,203,568 first mortgages. The total investment in Nova Scotia increased less than three times to $7,714,144 while mortgage investments in this province declined to the insignificant sum of $455,603—the amount of a single loan in Toronto or Montreal and the equal of about one month's premium collections in Nova Scotia.

The total amount invested in Nova Scotia is less than three-quarters of one per cent of life investments in Canada while the beggarly item in first mortgages in Nova Scotia is less than one-twentieth of one per cent. Compare that with 65 per cent quoted from the advertisement above. This is just one more phase of the many-sided discrimination which is handicapping Nova Scotia but I am one of those who believe all such matters as grain, transportation, manufacturing and finance are capable of readjustment if tackled fearlessly and energetically and without fear or favor of either political party.

JOHN W. REGAN.

Insurance Inklings

LONDON LIFE INSURANCE CO. announces the appointment of N. W. Matthews as district manager in charge of the company's ordinary business in New Brunswick and Prince Edward Island and N. S. Thompson as district manager (ordinary business) for Nova Scotia.

Since January, 1927, Mr. Matthews has been district supervisor at the company's Toronto Yonge branch. Mr. Thompson was formerly district manager at the company's Montreal Phillips Square Office.

FRANK DUNHAM has been appointed district manager for the Ontario Equitable Life, at St. Catharines. Subsequent to 1925, Mr. Dunham was for seven years with the Dominion Life and for the past two years has conducted a bond business under the name of Frank Dunham & Co.

J. A. GRATTAN, a member of the French division of the Montreal agency of the National Life, has been appointed president of the company's Pyramid Club for 1932. This appointment goes to the agent writing the largest volume of business during 1931. W. J. GILBERT, of Calgary, has been appointed vice-president, this office representing the largest number of individual applications during the year.

SYDENHAM MUTUAL branch of the Wawanesa Mutual Fire Insurance Co. held a two-day convention at Owen Sound recently, attended by agents from surrounding territory and head office officials. Sydenham Mutual was recently absorbed by Wawanesa.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

A Paid-up Fire Policy

Could it be arranged in fire insurance that there could be built up a paid-up value. After a policy has been paid on for 10 years or 20 years and no claims, that there could be a paid-up value.

In this way there would be an added incentive to watch for fire hazards, and it would be a good thing for a person retiring from business to have a value on his fire insurance.

There is no such thing in the fire insurance world as a policy with a paid-up value such as you suggest. Fire insurance rates are constructed solely on the principle of an annual, or at the outside, a three-year premium and no attempt is made to complicate the business by building up long-term actuarial reserves to take care of situations such as you enquire about.

Most firms find their fire insurance costs quite high enough and would have little or no use for a policy which would of necessity have to cost considerably more if it were to include a loading for a return of surrender value at an indefinite future date. There are so many other media for building up reserves in this manner, such as life insurance and so forth, that to complicate an already difficult business such as fire insurance by introducing extra complications would in all probability meet with little or no response from the average fire insurer.

WARNING GIVEN AGAINST PAYING HIGH DIVIDENDS

Commissioner Cautions Against Reliance on Average Values

Four Canadian life insurance companies operating in New York State have received the letter sent out by the Insurance Commissioner of that jurisdiction to all companies operating in that State, warning them against paying out unduly high dividends from "surpluses" based on average valuations allowed both in the United States and Canada as at the end of 1931.

Just what the actual results of this warning will be either here or in the United States, are problematical, but insurance officials interviewed by The Financial Post incline to the view that the warning was timely and that it was equally applicable to Canadian conditions as to the United States.

One leading insurance journal in the United States interpreted the warning as being applicable only to fire and casualty companies but receipt of the letter by Canadian life companies operating in New York, indicates that this leading United States jurisdiction is equally concerned about high dividends to life insurance policyholders as it is about dividends to shareholders of fire and casualty companies.

As far as Canadian life companies are concerned, the situation is simply that upward of $1,500,000,000 of assets have been taken in at "average" valuations for annual report purposes, and in view of the continued precipitous decline in security values in recent months, these values are in many cases double the actual market quotations now prevailing.

This course of action in regard to security values, which has been taken on several other occasions, is considered thoroughly sound in view of the essentially long-term nature of the insurance business and its investments. As pointed out by the New York superintendent: "Companies which are fundamentally sound should not be forced into embarrassing position because good assets are temporarily frozen. The appraisal of securities at less than fair market value has a tendency to force liquidation at a sacrifice. This is not for the best protection of policyholders which is the paramount concern of this department."

Must Clear Decks

But such relief is given essentially to give companies a breathing space and to permit them to adjust their position to the new situation under the most favorable circumstances. Accordingly the warning letter has been sent out by the New York superintendent drawing to the attention of all companies the seriousness of the situation and warning against the continuance of dividends on the basis of "average" values which may not be justified where "uncertainty exists as to the future necessity of revaluation."

In Canada most of the leading life insurance companies have announced reductions in their scale of dividends to policyholders although in some cases it is doubtful if the existing high scales brought about by the intense competition of the past few years, are justified in view of present security price levels. It is to companies in this category that this letter is directed.

Dividend action as far as life insurance companies in Canada is concerned is considered a matter for each individual company and is not a subject which ordinarily comes under the purview of an organization such as the Canadian Life Officers' Association. The four Canadian companies which operate in New York State are Canada Life, Mutual of Canada, Imperial Life and Confederation Life.

Current Events in Banking World

WITHDRAWALS MAY MEAN END OF P. O. BANK

Deposits Decreased By $19,178,595 Since 1920

Withdrawals from the Post Office Savings Bank, in the last 12 years, have been proceeding at a rate which may cause almost complete depletion of the deposits within the next decade.

Since 1920, the decrease in deposits has amounted to $19,178,595, leaving total deposits of only $23,156,217 as at March 31, 1932. In making these calculations, deposits in the Post Office and the Dominion Government Savings Banks have been combined as these two institutions are now one entity.

In reply to a question in the House of Commons recently, Hon. Arthur Sauvé, Postmaster General, stated that all the money received for deposit is transferred to the consolidated revenue fund of the Dominion. In this respect the funds are treated exactly as those deposited in the savings offices of the Province of Ontario.

Interest Rate 3 Per Cent

It was also stated that interest paid on such deposits has been at the rate of three per cent since July 1, 1897, but that the rate was 4 per cent from 1868 to 1889 and 3½ per cent from 1889 to 1897. According to statute, the rate of interest payable on such deposits may be altered but may not exceed four per cent.

Total deposits of $23,156,217 at March 31, 1932, were the smallest in any year since 1882, when the total was $21,768,662. However, the relative importance of the bank in those days was much greater than at present, the proportion of deposits to those reported by all banks being over 31 per cent in 1882, but only 1.67 per cent in 1931 Entry of some provinces into the savings bank business and solicitation of deposits at favorable interest rates by trust companies have doubtless been partly responsible for the decrease in post office savings.

The Dominion first entered the banking business in 1867 when the Post Office Bank was organized. Deposits held by this and the Government Bank grew with only minor interruptions until they reached $62,581,155 in 1908 which was the peak. From 1908 deposits have been declining steadily, the only important exception being in 1924 when they rose $2,420,433, reflecting the influence of the Home Bank failure in 1923.

Thirteen Year Record

It would appear that the end of the postal bank may be in sight from a study of the following table, although it will be noted that the rate of decrease showed a considerable slowing up in the fiscal year just ended:

Deposits Held by Dominion Government Banks

Year	Total Deposits in Gov't and P. O. Banks	Net Decrease from Preceding Year
1920	$42,334,812	$10,722,246
1921	39,160,808	3,174,004
1922	34,666,834	4,493,974
1923	31,791,107	2,875,727
1924	34,211,540	*2,420,433
1925	33,611,133	600,407
1926	32,830,539	780,594
1927	31,922,043	908,496
1928	31,103,776	818,267
1929	28,375,770	2,728,006
1930	26,086,036	2,289,734
1931	24,017,494	2,068,542
1932	23,156,217	861,277

*Increase.

Close 21 Bank Branches In Canada During March

Canadian chartered banks closed 21 branches during March of which five were in Alberta, five in Quebec, four in Ontario, four in Saskatchewan, two in B. C., and one in Manitoba.

At March 31 there were 4,100 branches of Canadian chartered banks in operation. There were 26 of these in Newfoundland and 151 in other countries so that 3,923 were in Canada. The latter were distributed as follows:

Branches of Chartered Banks in Canada March 31, 1932

Ontario	1,393	Manitoba	221
Quebec	1,158	Alberta	270
Nova Scotia	138	Saskatchewan	386
N. Brunswick	101	Br. Columbia	224
P. E. I.	28	Yukon	4
Total			3,923

PAGE PONZI!

KELOWNA, one of the fruit centres of the Okanagan orchard valley in the interior of British Columbia, has accidentally discovered the actual good a "phantom" dollar can do.

A man bought a tie from a dry goods merchant and gave him a cheque for a dollar. The merchant paid for his lunch at the café with the cheque; the café manager passed it on for something he needed and it went from hand to hand, purchasing a dollar's worth of goods each time, till it had been through 20 hands.

Then it was taken to the bank, where it was promptly marked "No Account!"

The 20 men who had endorsed it went into conference. They figured up profit and loss and discovered that each man had made a profit of approximately 25 per cent. So they each contributed five cents and redeemed the cheque, leaving each man still 20 cents to the good. Now they are trying to comprehend the principle underlying this bit of high finance.

Perhaps readers of The Financial Post can figure it out.

Bank Chat

Empire Currency

In his recent address given before the Empire Club, Toronto, Hon. G. H. Ferguson made the following remarks concerning Empire currency:

"They go so far—many outstanding men in Great Britain—as to discuss openly the question of an Empire currency. I am not an economist—I am not even a financial man—despite what some people say —but I do know that there is a frequently expressed feeling among men in high positions, men whose views and opinions are highly regarded, that something should be done to fix a special relation between the dollar and the pound. For example—to make my meaning clear to those listening outside—if the pound is fixed again, I am quite sure from what I have heard that it will never be fixed at $4.86. It will probably be at $4. So it won't matter whether you deal in pounds in Australia or in dollars in Canada, there will be a parity of value.

"Whether this is possible or not, I can't say. If I had my friend, Sir Joseph Flavelle, or Sir Thomas White in the corner for a while they would tell me. But I do know that it is an evidence on the part of the people of Great Britain to make it possible and easier to trade with ourselves and develop the various sections of our Empire."

The Dominion Bank announces the following changes in staff appointments:

J. JOHNSON, formerly manager at Dundas and McCaul branch, Toronto, to be manager at Spadina Ave. and Adelaide St. branch, Toronto.

A. P. DUCK, formerly manager at Gerrard St. and Coxwell Ave. branch, Toronto, to be manager at McCaul and Dundas Sts. branch, Toronto.

B. E. HULL, manager at Brandon, Man., to be manager at Moose Jaw, Sask.

T. T. RODGER, formerly assistant western inspector, to be manager at Brandon, Man.

E. D. WHITE has been appointed assistant western inspector with headquarters at Winnipeg.

W. A. CUNNINGTON, manager at Bloor St. and Avenue Rd. branch, Toronto, to be manager at Bloor St. and Runnymede Rd. branch, Toronto.

R. R. ROGERS, formerly accountant at Victoria and Queen Sts. branch, Toronto, to be acting manager at Gerrard St. and Coxwell Ave. branch, Toronto.

The Bank of Nova Scotia announces the following staff changes:

P. C. ROBINSON, formerly manager at Liverpool, N.S., has been granted indefinite leave of absence.

G. F. GARDNER, manager at North and Agricola branch, Halifax, to be manager at Liverpool.

M. F. McKAY, manager at Hillsborough, N.B., to be manager at North and Agricola branch, Halifax.

J. H. McINTOSH, manager at Trenton, N.S., to be manager at Hillsborough, N.B.

Canadian Bank of Commerce announces the following changes in connection with branches and staff appointments:

A. A. McLEAN, manager at Estevan, Sask., to be manager at Nutana, Sask.

T. O. SEWELL, manager at Nutana, to be assistant manager at Saskatoon.

H. L. ALLINGHAM, assistant manager at Saskatoon, to be manager at Swift Current, Sask.

H. J. STUBBS, manager at Rosemount branch, Montreal, to be manager at Beebe, P.Q.

J. H. POUPART, to be manager at Rosemount branch, Montreal.

T. E. BELL, manager at Bradford, Ont., will retire on May 1.

L. J. DUMONT, to be manager at the new branch in Pascalis Twp., P.Q. Mail to this branch should be sent via Senneterre, P.Q.

Sub-agency of the Kenton, Man. branch at Lenore, Man., will be open for business on Tuesday and Friday of each week, and the sub-agency at Bradwardin, Man., will be open for business on Monday and Thursday of each week, commencing May 1 in each case.

Banks of Issue To Be Proposed For Provinces

A proposal to establish a provincial savings bank in Manitoba, with the same right to issue its own currency as chartered banks, has been approved by the provincial legislature, by a vote of 26 to 16.

The question was introduced to the legislature in the form of a resolution, by Wm. Ivens, a Winnipeg member, who requested the legislature to urge the federal government to amend the Finance Act and the Bank Act at the present session of Parliament so that the provinces might have the power to establish their own banks.

In addition, authority was asked to enable the Minister of Finance to make advances to such provincial banks, under the Finance Act, against deposit of securities, in the same way as is done with the chartered banks.

In the course of the discussion of the resolution, it was pointed out that the reason the provinces had no powers to legislate on banking and currency was that the B. N. A. Act gave this authority exclusively to the Dominion Government, and that it was not due to any legislation enacted by the Dominion.

NOTES OUTSTANDING DECLINE $4,508,019

Excess of Gold Over Requirements Falls $866,799

Dominion notes in circulation at March 31 amounted to $157,388,179, a decline of $4,508,019 compared with circulation of $161,896,198 at February 29. Of the total decline, $4,500,000 was due to decreases in notes issued under the Finance Act the remainder being accounted for by the drop in the amount outstanding under the Dominion Notes Act.

As nearly all the reduction in circulation was made in notes issued under the Finance Act, this would have no effect on the gold stocks held against issues of Dominion notes. Total gold held by the Minister of Finance fell by $876,034 during March, however, of which $866,799 represented a decline in the excess of gold reserves over statutory requirements, from $2,730,065 to $1,863,266.

Total gold holdings of the government at March 31 amounted to 41.98 per cent of the note circulation compared with 41.35 per cent at February 29.

Notes outstanding are issued under the following regulations: Chapter 4, R. S. Canada, 1915, authorizes $26,000,000 of which $16,000,000 shall be secured by deposit by the government of certain Canadian railway securities and the remaining $10,000,000 is issued without reserve against it. This $26,000,000 is all outstanding.

The Finance Act, R. S. 1927, Chap. 70, authorizes issue of notes to chartered banks, on which interest is charged up to 15 per cent of their combined capital and reserve against acceptable securities such as promissory notes, bills of lading, government bonds, etc. Of such issues $32,000,000 was outstanding at March 31.

The Dominion Notes Act, R. S. 1927, Chap. 41, authorizes note issues, over and above the original $26,000,000 under the 1915 act, to the extent of $50,000,000 with a 25 per cent gold cover and thereafter additional issue against dollar for dollar gold cover.

Bank notes are, of course, a different matter and may be issued up to the amount of the capital of a bank without gold backing, and, under the Finance Act, by depositing securities in exchange for Dominion notes and then by depositing such notes in the central gold reserves against issue of the bank notes. Otherwise bank notes may only be issued against cover, dollar for dollar in gold or Dominion notes, deposited in the central gold reserves.

EMPL'Y'RS LIABILITY HAS GOOD YEAR

Profits Increase 28 Per Cent for Leading British Company

Profits earned in all departments amounting to $2,051,017 are reported by Employers' Liability Assurance Corp. in its 61st annual report. This is an increase of $454,457 over 1930. Total premium income for the year was $32,405,715, a decrease of 12 per cent as compared with 1930, while profits increased 28 per cent.

Total assets of the corporation are shown at $49,946,537, while the net surplus stands at the unusually large sum of $12,803,218, being an increase for the year of $252,408.

Employers' Liability Assurance Corp. has been operating in Canada for the past 37 years, and although loss of workmen's compensation business in Quebec reduced its income for 1931, premiums earned amounted to $2,958,372, with an average loss ratio for all classes of 52 per cent. The company has on deposit with the Dominion Government for the protection of its Canadian policyholders, securities totalling $3,915,304.

The following table shows premiums earned in Canada for the various classes, together with losses incurred during 1931.

	Premiums Earned	Losses Incurred
Fire	$684,790	$370,593
Accident	238,802	100,708
Workmen's compensation	912,174	480,953
Other liability	145,970	66,004
Auto	620,536	346,272
Burglary	46,567	21,478
Fidelity guarantee	99,489	80,040
Surety guarantee	25,655	556
Plate glass	12,843	5,886
Sickness	120,475	88,962
Tornado	1,463	384
Steam boiler	49,658	3,522

MANITOBA APPROVES LOAN SHARK CURB

Manitoba's new legislation to curb loan shark activities within the province was unanimously endorsed at a recent meeting of the law amendments committee of the provincial legislature.

The new legislation which is being introduced into the house by Hon. W. J. Major, attorney-general is an amendment to the Mercantile Law Act.

Under the new legislation transactions of the type it is sought to curb may be reviewed by a court judge on informal application of the debtor.

The court is given power to compromise the claim and to cancel any portion of the alleged debt. The bill was introduced after a provincial police investigation ordered by the attorney general's department. The police report showed that a substantial number of contractions of private loan companies were illegal under existing laws.

Weekly Bank Clearings

Eastern Cities	Apr. 23, 1931	Apr. 21, 1932
Halifax	$ 3,004,077	$ 2,148,911
Saint John	2,695,089	1,607,451
Moncton	730,903	639,253
Sherbrooke	716,620	632,601
Quebec	6,245,023	3,979,173
Ottawa	7,453,402	4,869,791
Montreal	127,344,347	75,289,527
Kingston	600,996	512,041
Peterboro'	683,278	555,085
Toronto	109,103,119	72,317,641
Hamilton	5,245,833	3,580,046
Kitchener	984,597	750,719
Brantford	1,006,659	751,659
London	2,801,784	2,371,059
Chatham	533,683	433,234
Windsor	3,731,636	2,578,609
Sarnia	545,421	398,676
Sudbury	698,853	434,640
Western Cities	**Apr. 23, 1931**	**Apr. 21, 1932**
Fort William	$ 628,429	$ 623,316
Winnipeg	44,041,440	34,628,855
Brandon	433,220	364,907
Moose Jaw	769,397	540,869
Regina	3,313,891	4,555,818
Saskatoon	1,827,877	1,434,965
Prince Albert	353,468	310,364
Edmonton	5,231,863	4,366,113
Calgary	6,881,687	5,425,583
Medicine Hat	235,854	179,285
Lethbridge	495,548	319,796
New Westminster	531,440	432,935
Vancouver	16,891,443	12,671,060
Victoria	949,026	1,542,405

A Quick Way to.... Restore an Estate

ARE you among the thousands who have suffered from the great depression? Have you had to make a hurried survey of your financial position only to find that you are worth less by thousands of dollars than you were? Do you realize that death compels a liquidation of securities at current values?

How can that situation be met?

You can *instantly* restore your estate to a healthy basis by taking out more insurance. The sane way is to insure to the point of safety . . . at least.

Over five hundred million dollars of life insurance was taken out in the Sun Life Company last year—much of it by level-headed men who balanced their accounts by this simple method.

SUN LIFE ASSURANCE COMPANY OF CANADA
Head Office: MONTREAL

THE ONTARIO EQUITABLE LIFE AND ACCIDENT INSURANCE COMPANY
Head Office — Waterloo, Ont.
Assets (Dec. 31, 1931) $ 8,125,139
Policy Reserves 6,846,054
Insurance in Force ... 51,355,672

THE Western Empire Life Assurance Company
HEAD OFFICE
701 Somerset Building Winnipeg, Man.
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Canadian Pulp and Paper Industry

INTERNATIONAL'S PAPER PROPERTIES ARE CONSOLIDATED

All Canadian and Newfoundland Plants Merged

From Our Own Correspondent

MONTREAL.—Consolidation of International Paper and Power Co.'s newsprint activities outside of the United States, is seen in the announcement that Canadian International Paper Co. has acquired the New Brunswick International Paper Co. and the International Power and Paper Co., of Newfoundland.

According to the official announcement the entire capital stock of the New Brunswick unit has been acquired from International Paper Co.; and all the common stock of the Newfoundland company from International Paper and Power Co. The entire transaction is being accomplished through exchanges of securities and will involve no new financing.

World's Largest Producer

As a result of this switch in control, Canadian International Paper Co. will have combined assets of over $180,000,000 and becomes the world's largest producer of newsprint paper, controlling a daily capacity of over 2,800 tons of newsprint.

Properties under control of Canadian International will consist of two mills, located at Gatineau and Three Rivers, Quebec, and the two mills of its subsidiaries located at Dalhousie, N.B., and Corner Brook, Newfoundland.

All four mills are of modern design and construction, having been put into operation within the last ten years. The eight machines at Three Rivers were put into operation between 1922 and 1926, the Corner Brook mill in 1925 and the Gatineau mill in 1927. Dalhousie started its first two machines early in 1930 and the other two in November, 1930, and January, 1931.

The woodlands of the three companies have a total area of more than 29,321 square miles, of which 1,871 square miles are owned in fee simple and 27,450 square miles are held under Crown licenses. The total stand is estimated at over 83,000,000 cords of pulpwood.

Cover Interest Charges

The financial statements for 1931 are not yet available but it is reported that earnings of Canadian International Paper and of the newly-acquired subsidiaries covered charges on all their outstanding bonds by a substantial margin.

This present transaction represents a further step in the programme of International Paper and Power Co. for grouping its properties for maximum efficiency in operation and control. With a few exceptions all the properties controlled are now divided into two groups; in the first group, power and utility properties owned by subsidiaries of International Hydro-Electric System and, in the other group, paper and pulp and other industrial properties, all owned by International Paper Co. and its subsidiaries. In the latter group all the important Canadian and Newfoundland paper and pulp properties are now owned or controlled by Canadian International Paper Co.

All the common stock of Canadian International Paper is controlled by International Paper Co.

Can. Hydro Declares Dividend on Preferred

From Our Own Correspondent

MONTREAL.—Declaration of the usual quarterly dividend on the preferred stock of Canadian Hydro Electric Corp. has set at rest some doubt as to the company's ability to maintain disbursements. The stock in recent months has sold down steadily and is currently quoted around 40.

Earnings for 1931 have not yet been made public; the latest figures available covered the twelve months ended September 30, 1931, and showed a balance available for dividends of $2,018,296 compared with first preferred stock dividends of $750,000.

Nesbitt Leaves Board Bathurst Power & Paper

From Our Own Correspondent

MONTREAL.—At the annual meeting of Bathurst Power and Paper Co., resignation was announced of A. J. Nesbitt from the board of directors and also from the presidency. He is succeeded on the board by L. R. Wilson, managing director of Abitibi Power and Paper Co., while Brig. Gen. J. B. White, of Canadian International Paper Co., becomes president, a position which he occupied before Mr. Nesbitt took over.

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Stocks of Newsprint Reach Abnormal Level

From Our Own Correspondent

MONTREAL.—Stocks of newsprint on hand in Canada and the United States continue to give cause for concern, the News Print Service Bureau reporting 102,225 tons at the end of last month. This is the highest figure ever reported for the industry and compares with 92,250 tons in August, 1928, or just before the industry started on the downgrade.

The larger percentage of the increased stocks has been reported by the Canadian mills. On April 1 last year there were 39,850 tons of newsprint on hand in Canada, while on the same date this year stocks had increased to 63,548 tons. American stocks at the beginning of this month were 38,677 tons, an abnormal amount and comparing with 32,254 on April 1, 1931.

In normal times Canada has on hand about three days' supply of newsprint. Present stocks are equivalent to about a week's supply.

The trend of consumption for several months past has been erratic and production has been generally in excess of shipments. The result has been a steady increase in stocks, until the supply on hand has passed the 100,000 mark. It is to be expected that some steps will be taken by the manufacturers to lessen stocks. This can be accomplished through limiting operations until the supply assumes more normal proportions.

U.S. NEWSPRINT MILLS' ACTIVITY IS MAINTAINED

March Output Steady, Canadian Production Lower

From Our Own Correspondent

MONTREAL.—Newsprint production in March, 1932, was featured by maintenance of activity in the United States mills compared with the same month last year. Output of the Canadian and Newfoundland mills, though higher than February, was well below production in March, 1931; in the United States, however, mills produced 100,034 tons against 100,590 tons in March last year, and 87,157 tons in February, 1932.

March figures released by the Newsprint Service Bureau indicate a further rise in stocks on hand in the United States and Canada. These totalled 102,225 tons at the end of March, the highest figure ever reported and an increase of 30,000 tons over the same date last year. This gain in stocks on hand is a serious factor and is dealt with in detail in another column.

Canadian Output Figures

Newsprint production in Canada totalled 166,758 tons in March compared with 187,005 tons last year. Shipments were 163,806 tons which increased stocks on hand to 63,648 tons compared with 39,580 tons at the same date in 1931. According to The Financial Post index Canadian mills operated at 51 per cent of capacity or the same ratio indicated in the previous month; in March, 1931, Canadian mills operated at 58 per cent of capacity.

The showing made by the United States mills was better. In March they produced 100,034 tons of newsprint, marginally lower than the 100,590 reported in the same month a year ago. Shipments, however, were 94,282 tons resulting in an increase in mill stocks which stood at 38,677 tons compared with 32,025 at the end of February

Ratio of production to rated capacity showed an improvement. In March U. S. mills, according to The Financial Post analysis, operated at 67 per cent of capacity. This compared with 60 per cent in February and 68 per cent in March, 1931.

Newfoundland Output Lower

Production in Newfoundland showed a reduction in March compared with the same month last year totalling 21,072 tons against 23,643 tons in March, 1931. Total production in North American mills was 288,798 tons against 267,655 tons in the preceding month and 312,693 tons in March, 1931.

Following is a comparison of output of Canadian and United States mills in March:

	Canada Tons	U. S. Tons
March, 1932	166,758	100,034
February, 1932	158,543	87,157
March, 1931	187,005	100,590

Quarterly Figures Drop

Cumulative figures covering output of newsprint in the first quarter of 1932 reveal a greater stability in United States production than in Canada. For the three months ended March 31, Canadian output was 496,622 tons, a drop of 38,008 tons from the same period last year while United States output was 281,438 tons a decline of 9,134 tons from the first quarter in 1931.

Total output of North American mills in the first quarter of this year was 847,267 tons compared with 901,364 tons in the same period last year, a decline of 54,097 tons.

PULP AND PAPER EXPORTS UNCHANGE

Trend This Year Continues Under Level Reported in 1931

From Our Own Correspondent

MONTREAL.—Exports of pulp and paper and allied products from Canada in March last totalled in value $10,769,282. This compares with $8,938,366 in the preceding month and with $14,906,275 for March last year.

Detailed figures prepared by the Dominion Bureau of Statistics show a total export of wood pulp and screenings last month of $2,248,470, as against $1,746,717 in the preceding month and $3,267,236 for March last year.

Sulphate pulp exports show a seasonal improvement for March, 1932, but are well under that reported a year ago. Bleached sulphate pulp shipments stand up much better, the total of $1,473,590 being slightly under that reported in 1931. Unbleached sulphate pulp shipments were about half of those reported in 1931 totalling in value $320,234. Mechanical pulp exports continue slack, the March, 1932, total being $142,435, about one-third reported for the same month last year.

Wood Shipments Slack

Pulpwood shipments continue slack, exports in March having a value of $269,469 for 33,878 cords. This compares with 73,339 cords, worth $674,054, in March, 1931.

The principal item in paper exports is newsprint, the export value of which in March last was $8,143,167. This compares with $6,894,515 in the preceding month and with $11,200,325 for March last year.

The most notable change in the exports of paper is in respect to kraft, which recorded export shipments valued at $142,660 in March this year, compared to $95,757 in February, 1932, and $98,595 in March last year.

JAPANESE IMPORTS OF PULPWOOD GAIN

Canada Supplied 49 Per Cent of Shipments in 1931

From Our Own Correspondent

MONTREAL.—Imports of Canadian pulpwood into Japan increased by almost 6,000 short tons over 1930, although the value decreased considerably. With the exception of Norway, all the principal supplying countries increased their shipments in 1931, but Canada continued to supply the greater portion or 49 per cent of imports of this commodity.

Shipments from the United States showed the largest proportional increase, advancing from 6,175 short tons in 1930 to 22,430 tons last year. Shipments from Norway, another important factor in the market, showed a sharp decline, dropping 11,486 tons from 18,677 tons in 1930.

The decline in shipments from Norway was due in part to strikes in that country. Prospects for a maintenance of Canada's gain this year are difficult to estimate, since quotations from Scandinavian countries are extremely low and this, coupled with the fact that these countries are off the gold standard, makes competition keen.

Canadian supplies of rayon pulp come from Eastern Canada and the long freight haul is an important item in cost. Supplies from Scandinavian countries come by water and though shipments take a longer time, they have the advantage in freight rates.

Canadian Celanese Sales Show Gains

From Our Own Correspondent

MONTREAL.—Sales of Canadian Celanese in the first quarter of the current year showed a gain both in dollar volume and yardage over the same period of 1931. Profits in the first three months of 1932 also showed an improvement, according to G. H. Wigham, chairman of the board, who addressed the annual general meeting of shareholders.

It was stated that conditions were now more conducive to profitable operation, which is an encouraging factor in viewing prospects for the current year. In 1931 Canadian Celanese reported increased earnings and profits were equal to $8.95 a share on the preferred stock. Dividends at the rate of 7 per cent were paid for the full year for the first time; arrears total $29.75.

Directors of the company were re-elected without change.

Claude Neon Activity in Posters Declines

From Our Own Correspondent

MONTREAL.—Sales in the Neon division of Claude Neon General Advertising to date are up about 7 per cent over the same period last year, it was revealed at the annual meeting, but poster and other business showed a drop of 20 to 25 per cent. This is a condition that was evident in 1931, when poster and painted bulletins departments showed a sharp falling off.

The company recently changed the date of dividend payments on the preferred stock to coincide with its fiscal year; the next payment to come up for consideration will be for the quarter ended June 30. Progress made in the next two months may be expected to be an important factor in deciding what course will be taken on dividends at the half year.

The company has virtually completed its new factory in Montreal, and production is anticipated in May.

Index of Mining Stocks

The weighted index number of twenty mining stocks computed by the Dominion Bureau of Statistics on the base 1926=100, was 51.3 for the week ending April 21, as compared with 52.8 for the previous week.

Eleven gold stocks fell from 53.3 to 51.3, four gold-copper stocks rose from 56.2 to 56.3, and five silver and miscellaneous stocks fell from 18.8 to 18.2.

BREWING COMPANY PRESENTS STRONG REPORT FOR 1931

Associated Breweries Has Lower Profit—Cash Position Gains

From Our Own Correspondent

MONTREAL.—Financial statement of Associated Breweries of Canada for 1931 shows decreased earnings, but net profits equal to nearly twice the present dividend paid on the common stock. The balance sheet shows higher working capital and exceptional liquidity; creation of an investment reserve, a substantial gain in Government bonds and a reduction in preferred stock outstanding.

Net revenue in 1931 was $347,627 compared with $524,427 in the previous year. Preferred dividend requirements at $82,282 were lower by some $16,000, reflecting the redemption of stock during the year and net applicable to common dividends was $265,345 against $425,552 in 1930. Net profit was equal to $1.18 a share on the common stock, compared with disbursements of 80 cents and a present dividend rate of 60 cents a share. In 1930 share earnings were $1.89.

The sum of $297,854 has been provided from surplus account for the establishment of an investment reserve and balance at profit and loss was $433,435 compared with $645,624 at the end of 1930.

Profit and Loss Figures

Following is a comparison of profit and loss figures for the past three years:

	1931	1930	1929
Net rev.	$347,627	$524,427	$836,683
Pref. divds.	82,282	98,875	104,125
Balance	265,345	425,552	732,558
Com. divid.	179,680	393,050	390,750
Surpus	85,665	32,502	341,808
Prev. surp.	645,624	613,122	271,314
Balance	731,289	645,624	613,122
Invest. res.	297,854	......	......
P. & L. bal.	433,435	645,624	613,122

Strong Liquid Position

The balance sheet is featured by an unusual degree of liquidity. Current assets at the end of the year were $838,593 against current liabilities of $2,231, leaving a net working capital of $836,362 compared with $803,256 at the end of the previous year.

In assets, cash stands at $168,506 and government bonds have been increased by $244,000 to $449,752. Listed stocks are carried at $164,638, a drop of $280,000; it is pointed out that market value at the end of 1931 was $71,082. Advances to subsidiaries, shown in 1930 at $217,297, have been eliminated.

In liabilities, accounts payable, which constitute the only current liability, amount to $2,231. Advances from subsidiaries at $1,018,626 are up $13,000; it is pointed out in the report that these advances represent no actual indebtedness to the public and the subsidiaries have no outside indebtedness. Two new reserves make their appearance; one for preferred stock redemption of $24,413 and an investment reserve of $355,425.

During the year there were redeemed $184,300 of preferred stock, leaving $1,215,700 outstanding. Common stock, comprising 224,600 shares of no par value, is unchanged at $1,966,381.

In his remarks to shareholders, F. Sick, president of the company, states that while earnings reflect a reduced volume of sales, they show the company and its subsidiaries to be maintaining satisfactory positions under adverse circumstances. The operating breweries have accomplished this entirely without incurring bad and doubtful merchandise accounts. Earnings are, mainly, amounts paid to the company by its subsidiaries, while all dividends have been declared wholly out of profits made, after full allowance for depreciation and taxes.

Preferred Shareholders Get Hayes Wheel Control

With five quarterly dividends on the 7% preferred stock of Hayes Wheels & Forgings Ltd. in arrears, preferred shareholders are entitled to elect a majority of the directors of the company, which now has a board consisting of 11 members. Preferred shareholders will meet at the annual meeting on May 6 in Toronto to elect their representatives from the board and the balance will be elected by common shareholders.

The annual report of the company will be presented at the annual meeting and it is understood there has been little or no improvement over the previous years when the company had an operating loss of $67,435 before charges and $256,697 after fixed charges and dividends. The Chartered Trust & Executor Co. as trustee for the bondholders, is accepting tenders for sale of $34,000 of the company's 6 per cent first mortgage bonds which will be redeemed through the sinking fund. Tenders will be received up to May 6.

Working capital has been reduced during the past year but remains sufficient for current needs. Several new lines are being developed since the company can no longer remain solely dependent on the motor industry. Chief among the new lines is an electric refrigerator.

Loblaw Operations Better Than Average

Sales of Loblaw Groceterias Co. for the four weeks ended April 2 are reported $1,195,118, which is 7.76 per cent below sales in the corresponding period of the previous year, but is higher than any other period of the current fiscal year, with the exception of three periods during November, December and January. Profit is shown at $72,224 or 2.1 per cent below the corresponding period in 1931.

For the 44 weeks ended April 2 the total sales amounted to $12,845,640, 11 per cent under the total of $14,478,724 reported in the corresponding period of the previous fiscal year, while profit at $835,863 is 5.6 per cent lower than the previous year.

Can. General Investments Directors Are Elected

Directors of Canadian General Investments Ltd. elected at the annual and special general meeting held on April 4, 1932, are as follows: Rt. Hon. Arthur Meighen, K.C., C. H. Carlisle, E. W. Kneeland, Fullerton Somerville, G. Harrison Smith, W. W. Evans, E. R. Bremner, Sir Henry L. Drayton, K.C., Prof. M. A. Mackenzie, R. T. Evans.

The advisory board consists of Dr. F. R. Bennetto, C. V. Cummings, E. R. Decary, George C. Edwards, J. H. Fortier, Frank T. Jones, A. R. Mann, Robert Rankin, Senator Donat Raymond, Victor Ross, T. A. Russell, H. B. Thomson, Lt.-Col. Ronald Waterhouse, K.C.B. and Senator Lawrence B. Webster.

Montreal Real Estate Sales

Real Estate sales in the City of Montreal, as compiled by the Montreal Real Estate Board, for the first quarter of the current year, show a total value of $11,793,033, with a total of 1,472 transfers.

CANADA CEMENT PREFERRED STOCK MUCH DISCUSSED

Shares Sink and Rally as Opinions Vary on Dividend

From Our Own Correspondent

MONTREAL.—Gyrations of Canada Cement preferred stock on the Montreal and Toronto Stock Exchanges has been caused in part by conflicting opinions as to the company's ability to maintain its preferred dividends. The next payment on the $20,965,400 of 6½ per cent preferred shares will cover the quarter ended June 30; action of the board regarding declaration may be expected to take place around the middle of May.

The preferred shares have sold down sharply since the beginning of the year dropping from a high of 66 to levels of around 45. On one occasion recently, the stock sold down to 30 but recovered quickly; the wide spreads appear to indicate the nervous condition of the market

Outlook For Dividend

The pros and cons for the dividend boil down to this: In the last fiscal year ended November 30, 1931, earnings, after all charges, were equal to $7.41 a share on the preferred; payment of the full dividend left a surplus of $190,440. Preferred dividend needs totalled $1,362,751 last year. The company had the benefit of a substantial carryover of business from previous years which played a part in the good showing made.

Obviously conditions this year are less favorable. Carryover may be expected to have been relatively small; the decline in constructional activity, especially as it touches major building works, is marked this year. It would appear therefore that earnings might fall substantially.

Other Side of Question

There is, however, another side to the question. Hitherto the company has made substantial appropriations for depreciation and other charges; in 1931, for instance, there was written off for depreciation alone $2,071,101. In the previous two years over $2,000,000 was provided for this account. Other charges last year totalled nearly $482,000 and included contingencies, repairs and renewals, fire insurance and preferred stock sinking fund. Whether some of these charges might be reduced is a factor to consider in viewing the preferred dividend.

Then there is the question of working costs to consider. It may be expected that various economies put in effect in the past two years will find fuller reflection during the current period while the benefits of greater plant efficiency resulting from turning over to the wet process should also make their presence felt.

Aids Preferred Redemption

One feature of the present low price of the stock is the fact that the preferred stock sinking fund will be able to operate to good advantage. This fund calls for the setting apart of 6½ per cent of net earnings available for common dividends each year; the proceeds are used to buy preferred stock at or below their redemption price of 110. In this manner there was redeemed $15,100 of preferred shares in the last fiscal year.

MORRISON BRASS SALES DOWN 30 P.C.

Operating Loss of $73,334 Was Before Inventory Write-offs

With 1931 sales 30 per cent under sales in 1930, an average price reduction during the year of 25 per cent in manufactured products and keen competition, Morrison Brass Corp. ended the year with an operating loss of $73,334 to which is added losses in inventory depreciation of $129,736. After payment of preferred dividends for two quarters the company's surplus was reduced to $142,650 from $401,166 brought forward at the beginning of the year. In 1930 profit on operations was $125,709 after depreciation.

Working capital was reduced during the year to $234,391 from $534,794. Current assets of $504,970 include cash at $31,789; accounts receivable at $121,087, after reserve; and stock-in-trade and supplies at $352,093. Current liabilities total $270,579, including bank loan but are not itemized. Prepayments are shown at $105,622; mortgages receivable at $12,560 and fixed assets at $1,308,375 after reserve for depreciation, which is not stated.

Mortgages payable amount to $18,300. There are outstanding 30,000 7 per cent preferred shares of $50 par value and 60,000 shares of no par value common stock. Income and surplus account is as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended December 31

	1931 $	1930 $
Operating profit	*73,334	†125,709
Add: Deprec. in invent.	129,736	....
Net earnings	*203,070	125,709
Less: Pref. dividend	52,500	105,000
Profit for year	*255,570	20,709
Add: Previous surplus	401,166	390,747
Less: Income tax	2,946	10,291
Surplus forward	142,650	400,165

*Loss. †After provision for depreciation.

Remove Exchange Peg on Montreal Power

From Our Own Correspondent

MONTREAL.—One of the most important additions to the free list on the Montreal Stock Exchange is the stock of Montreal, Light, Heat and Power Consolidated. Effective April 26, the minimum price of 36 was removed, and free trading restored.

Quotations on Montreal Power, following the removal of pegged prices, dropped to prevailing street levels of around 27.

City Gas Corp. Completes Plant at Three Rivers

From Our Own Correspondent

MONTREAL.—Gas plant of City Gas and Electric Corp. at Three Rivers, is completed; and the company expects to supply consumers in a short time. About 100 contracts for domestic heating have been signed up and appliance sales are going forward.

The company's plant operates with Butane equipment which does not utilize coal in gas production, but manufactures gas from oil shipped in tank cars to the plant. No public financing has accompanied the development to date.

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Legal Opinion: Mr. J. E. Chapleau, K.C., for the City of Quebec, and Messrs. Laurendeau & Laurendeau for the Bankers.

FINANCIAL STATEMENT
From Official Source
(As of April 1st, 1932)

Assessed Value for Taxation $120,317,392
Exemptions not included above .... $ 49,710,960
Net Debenture Debt .... $ 17,604,563

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The statements contained herein are based upon information which we believe to be reliable but are in no event to be construed as representations by us.

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Ontario Invites British Industrialists

The Ontario Government announces having completed arrangements through its agent-general in London to receive a party of about 200 British industrialists who will tour the province during August and September, the tour being arranged through co-operation between the Provincial Government, the Boards of Trade and the Municipal Government. Headquarters of the party will be in Toronto and a sojourn at the annual exhibition will be on the agenda.

MINES

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EDITORIAL INDEX

Chapter I ..... Canadian Mining
General review of 1930 production with statistical tables of growth of Canadian mining output, metal prices and list of companies producing ..... Pages 29-31
Chapter II ..... Alberta
Review of developments ..... Page 37
Reviews of Alberta companies 37-39
Production statistics 37
Chapter III ..... British Columbia
Review of developments ..... Page 41
Reviews of British Columbia companies 43
Production statistics 41
Chapter IV ..... Manitoba
Review of developments ..... Page 75
Reviews of Manitoba companies 76-81
Production statistics 75
Chapter V ..... New Brunswick
Review of developments ..... Page 83
Reviews of New Brunswick companies 83
Production statistics 83
Chapter VI ..... Nova Scotia
Review of developments ..... Page 85
Reviews of Nova Scotia companies 86-89
Production statistics 85
Chapter VII ..... Ontario
Review of developments ..... Pages 91-92
Reviews of Ontario companies 93-143
Production statistics 91
Chapter VIII ..... Quebec
Review of developments ..... Page 145
Reviews of Quebec companies 146-159
Production statistics 145
Chapter IX ..... Saskatchewan
Review of developments ..... Page 160
Reviews of Saskatchewan companies 160
Production statistics 160
Chapter X ..... Yukon and Northwest Territories
Review of developments ..... Page 161
Reviews of Yukon and Northwest Territories companies 161-162
Chapter XI ..... Outside Companies
Reviews of outside companies ..... Pages 163-167
Chapter XII ..... Newfoundland
Review of developments ..... Page 169
Reviews of Newfoundland companies and properties 170-174
Chapter XIII ..... New Incorporations
Companies recently obtaining charters.. Page 175
Chapter XIV ..... Directory
List of mining engineers, mine managers and geologists ..... Pages 177-189
Advertisers' Index 191

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997

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto & Curb Markets

WEEK ENDING APRIL 25

Range 1932 High	Low	Divd. Rate in $	Yield in % Apr. 23		Sales	Close Apr. 18 (or last)	Week Ending —Apr. 25— High	Low	Close
[illegible]									

x Quotations for 1931. No sales recorded in 1932 to date.
a Or payable in stock.
b New York Quotations.
‡ Quotations for 1930.
c 2½c monthly plus stock dividend of ½ of 1% monthly.
† Plus stock bonus.
§ 2% stock dividend payable June 1; 25c. cash paid Mar. 1, 1932.
* Minimum price is set, below which trading is not permitted for time being. List of minimum prices is given elsewhere.

Winnipeg Stock Exchange

April 22, 1932

	Bid	Ask
Beaver Fire	..	115
Beaver Lumber pfd.	..	80
Can. Amer. Tr. sh.	..	3¼
Can. Fire Insur.	68	75
City Dairy (Wpg.) pref. 7%	..	60
Corporate Steel c.	..	5
Cres.-Cream. pfd.	..	70
Monarch Life	..	25
North. Trust	..	24
Un. Gr. Growers	10	12½
Reliance Gr. pf.	..	60
West Breweries	..	3
Fund. Tr. shs. "A"	..	3
Do., "B"	..	3¼
Grouped Inc. Shs.	..	3.30

Dividends Declared

	Annual rate	Amt. this payment	Date payable	Date of record
Aluminium, Ltd., pfd.	$3	75c	June 1	May 14
Bank Can. Nationale	10%	2½%	June 1	May 14
Blue Ribbon, pref.	$2	50c	May 2	Apr. 27
Bank of Montreal	12%	3%	June 1	May 14
Bank of Toronto	12%	3%	June 1	May 14
Brazilian Tr.	...	*2%	June 1	Apr. 30
B. C. Telephone, 2nd pref.	6%	1½%	May 1	Apr. 15
Beatty Bros., pref.	6%	1½%	May 1	Apr. 15
Borden's, com.	$3	75c	June 1	May 14
Belding Corticelli, pref.	7%	1¾%	June 15	May 31
Belding Corticelli, com.	7%	1¾%	May 2	Apr. 15
Can. Converters	$2	50c.	May 16	Apr. 30
Can. Dredge & Dock, pfd.	7%	1¾%	May 2	Apr. 15
Can. Industries c. "A"	$2.50	62½c	Apr. 30	Mar. 31
Do., extra	....	25c	Apr. 30	Mar. 31
Do., "B" com.	$2.50	62½c	Apr. 30	Mar. 31
Do., extra	....	25c	Apr. 30	Mar. 31
Cities Service, com.	30c	2½c	June 1	May 14
Do.	6% stk.	½% stk.	June 1	May 14
Can. Bronze	$1.25	31¼c	May 1	Apr. 20
Do., pref.	7%	1¾%	May 1	Apr. 20
Calgary Power pref.	6%	1½%	May 2	Apr. 5
Can. Bank of Commerce	12%	3%	June 1	Apr. 30
Confed. Investments, pfd.	$3	75c	May 2	Apr. 15
Can. Investors, com.	60c	15c	May 2	Apr. 15
Claude Neon Adv. pfd.	7%	†$2.33	May 2	Apr. 20
Community Trusts, c.	$2 50	62½c	Apr. 15	Apr. 1
Can. Hydro Electric 1st pfd.	6%	1½%	June 1	Apr. 30
Canadian Oil	$1	25c	May 14	Apr. 30
Do., pref.	8%	2%	July 1	June 20
Coast Breweries	92c	23c	May 1	Apr. 20
Consolidated Sand, pref.	$4	$1	May 16	Apr. 30
Canada Bread pfd. "B"	$2	50c	June 1	May 14
Canadian Car, com.	60c	15c	May 30	May 16
Disher Steel Cons. pref. "A"	$1.50	37½c	May 2	Apr. 15
Dome Mines	$1	25c+20c	July 20	June 30
Dom.-Scottish Invest. pref.	$2	50c	May 1	Apr. 20
Dominion Motors	20c	10c	May 2	Apr. 15
Dominion Bridge	$2.50	62½c	May 16	Apr. 30
Dominion Tar & Ch. pfd.	6½%	1⅝%	May 1	Apr. 6
Eastern Dairies	$1	25c	May 2	Mar. 31
Eastern Theatres, c.	$2	50c	June 1	Apr. 30
Fuller, Geo. A., (Can.) pfd.	6%	1½%	May 2	Apr. 15
Foreign Power Secs., pfd.	6%	1½%	May 16	Apr. 30
Foundation Co.	50c	12½c	May 14	Apr. 30
Guelph Carpet pref.	6½%	1⅝%	May 1	Apr. 20
Humberstone Shoe	$2	50c	May 2	Apr. 15
Hamilton Bridge, pref.	6½%	1⅝%	May 2	Apr. 15
Inter. Utilities, pref.	7%	1¾%	May 2	Apr. 15
Do., pref.	$3.50	87½c	May 2	Apr. 15
Inter. Nickel, pref.	7%	1¾%	May 2	Apr. 2
Imperial Bank	12%	3%	May 2	Mar. 31
Loblaw Grocet. "A"	80c	20c	June 1	May 12
Do., "B"	80c	20c	June 1	May 12
Lindsay, C. W., pref.	6½%	1⅝%	June 1	May 14
McIntyre Mines	$1	50c	June 1	May 2
Mortgage Corp. of N.S. c.	7%	1¾%	May 1	Apr. 24
MacKinnon Steel pref.	7%	1¾%	May 2	Apr. 15
Montreal L. H. & Pr.	$1.50	37c	Apr. 30	Mar. 31
National Biscuit	$2.80	70c	July 15	June 17
Do., pref.	7%	1¾%	May 31	May 13
Neon Prod. of West. Can. pfd.	$3	75c	May 1	Apr. 15
Ontario Steel pref.	7%	1¾%	May 16	Apr. 30
Paterson, Wm., pfd.	7%	1¾%	May 2	Apr. 20
Power Corp., com.	$2	50c	May 20	Apr. 30
Penmans	$3	75c	May 1	Apr. 30
Do., pref.	6%	1½%	May 1	Apr. 30
Quebec Power	$1.50	38c	May 16	Apr. 25
Royal Trust	$3.20	80c	Apr. 30	Apr. 30
Rolland Paper pref.	6%	1½%	June 1	May 16
Royal Bank	12%	3%	June 1	Apr. 30
Russell Motor Car	2%	½ of 1%	May 2	Apr. 15
Do., pref.	7%	1¾%	May 2	Apr. 14
Service Stations pref.	$3	75c.	May 1	Apr. 15
Do., pref. "A"	$3	75c.	May 1	Apr. 15
Simpson, Robt., pref.	6%	3%	May 2	Apr. 15
Southern Can. Power, com.	$1	25c	May 16	Apr. 15
Standard Paving, pref.	$4	$1	May 16	Apr. 30
Standard Steel "A" pref.	$3	75c	July 1	Apr. 30
Steel of Canada	$1.75	43¾c	May 2	June 15
Do., pref.	$1.75	43¾c	May 2	Apr. 7
Shawinigan W. & Pr.	$1	25c	May 16	Apr. 7
St. Lawrence Flour pfd.	7%	1¾%	May 2	Apr. 25
Sherbrooke Trust	6%	1½%	May 1	Apr. 20
Teck Hughes	60c	15c	May 2	Apr. 15
Weston, Geo., pfd.	7%	1¾%	May 2	Apr. 15

*Stock dividend paid in lieu of cash.
†For 4 months.

Dividends Passed or Deferred:
Beatty Bros. c. "A" May 1, passed. Last paid 25c. Feb. 1, 1932.
Johnston Nat. Storage, pfd., Apr. 1, passed. Last paid $1.75 Jan. 2, 1932.
Granby Cons. Mining. com., May 2, passed. Last paid 12½c. Feb. 1, 1932.
Frost Steel Wire, 1st pref. May 1, deferred. Last paid 1¾ per cent Feb. 1, 1932.
C. W Lindsay, c., June 1, passed. Last paid 25c. Mar. 1, 1932.
Simpson's Ltd., pref., May 2, deferred. Last paid 1⅝ per cent, Feb. 1, 1932

Dividend Rate Reduced:
Canadian Car, com., 15c. May 30. Reduced from $1 to 60c. per annum.
Coast Breweries, 23c. May 1. Reduced from $1.84 to 92c. per annum.
Consolidated Sand, pref. $1 May 16. Reduced from $7 to $4 per annum.
Dominion Motors 10c. May 2. Reduced from 40c. to 20c. per annum.
Foundation Co. of Canada, 12½c. May 14. Reduced from $1 to 50c. per annum.
Humberstone Shoe, 50c. May 2. Reduced from $2.40 to $2 per annum.
Dominion Scottish Investment, pref. 50c. May 1. Reduced from $2.50 to $2 per annum.
Service Stations, pref. and "A" pref. 75c. May 1. Reduced from $6 to $3 per annum.
Quebec Power, 38c. May 16. Reduced from $2 to $1.50 per annum.
Shawinigan W. & Pr. 25c. May 16. Reduced from $2 to $1 per annum.
Standard Paving, pref. $1 May 16. Reduced from $7 to $4 per annum.

Extra Dividends:
Dome Mines, 20c., July 20.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited)
Investment Bankers—Toronto
April 26, 1932

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	.26	.40
Acadia Sugar pfd.	2.15	....
Acme Farmers Dairy pfd.	58.00	....
Agnew Surpass pf.	70.00	74.00
Allens Coll. pfd.	30.00	....
Allens Lond. pfd.	30.00	....
Andian Nat. Corp.	16.00	18.50
B.C. Pulp & Paper com.	....	2.75
B.C. Pulp & Paper 7% pfd.	12.00	16.50
Can. & Dom. Sugar com.	16.00	18.00
Canada Biscuit pf.	....	8.00
Can. Mach. c.	2.50	4.50
Can. Mach. 7% pf.	24.00	30.00
Can. Packers c.	8.00	11.00
Can. Packers 7% pfd.	67.00	70.00
Can. Starch pfd.	65.00	72.00
Can. Tea pfd.	55.00	....
Can. Wire & Cable pfd. W.W.	75.00	79.00
Can. Celanese pfd.	....	54.00
Can. Indust. c. 'A'	57.00	....
Can. Indust. c. 'B'	57.00	63.00
Can. Indust. 7% pfd.	97.50	101.00
Can. Westing.	45.00	47.25
Chase, A. W. Units	34.00	38.00
Copeland Flour 6% pfd.	....	10.00
Dodge Mfg. "A" pfd.	7.25	....
Dodge Mfg. "B" com.	1.25	....
Dom. Foundries & Steel c.	8.00	9.25
Dom. Foundries & Steel pfd.	64.00	....
Dom. Mfrs. pfd.	64.00	70.00
Dunlop Tire 7% pfd.	39.00	....
Eastern Car 6% pfd.	40.00	....
Fed. Grain pfd.	22.00	28.00
Goderich Elevator & Transit	11.00	13.50
Greening Wire 7% pfd.	80.00	84.75
Guard. Rlty. pfd.	25.00	34.00
Guelph Carpet pf.	70.00	75.00
Harding Carp. pf.	....	50.00
Inter. City Bak. c.	40.00	48.00
Internat. Proprietaries "A"	19.00	22.00
Loew's London c.	....	1.75
Loew's London pf.	3.50	5.00
Massey Harris pf.	10.00	12.50
Morrow Screw Nut 7% pfd.	93.00	98.00
Mt. Royal Hotel Scrip	.60	1.60
Mt. Royal Hotel c.	1.25	2.50
Mt. Royal Hotel 6% pfd.	8.00	11.00
Nat. Grocers c.	.50	1.50
Nat. Grocers 2nd 7% pfd.	32.00	35.00
Para. Oshawa c.	9.00	....
Prov. Paper pfd.	45.00	50.00
Rolland Paper pfd. W.W.	35.00	39.50
Standard Fuel pfd. bonus	55.00	60.00
Supertest Petroleum "B" pfd.	15.00	....
Toronto Brick pf.	40.00	58.00
Standard Clay Prod. com.	20.00	25.00
Toronto Carpet c.	....	108.00
Toronto Carpet 8% pfd.	....	92.00
Toronto Elevators 7% pfd.	65.00	72.00
Toronto Housing c.	21.00	30.00
Un. Amuse. "A"	16.00	....
Western Grain pf.	12.00	16.00
Willards Chocolates pfd.	25.00	35.00
Wood Alexander & James pfd.	31.00	....
Br. Amer. Assce.	29.00	....
Canada Life Ass.	455.00	525.00
Canada Nat. Fire	14.00	17.00

Insurance Stocks:	Bid	Asked
Can. Fire Ins.	72.00	79.00
Capital Life 20% pd.	11.75	19.75
Confederation Life 20% pd.	156.00	170.00
Continental Life 20% pd.	55.00	60.00
Crown Life Ins.	99.00	....
Dominion Fire	85.00	110.00
Dom. Life 50% pd.	295.00	315.00
Dom. of Can. Gen. Ins.	160.00	175.00
Excelsior Life 30% pd.	80.00	90.00
Fidelity Ins. of Canada	....	70.00
Great West Life	250.00	265.00
Guarantee Co. of N. A.	241.00	....
Halifax Fire	9.75	13.00
Imperial Life	315.00	365.00
Mfrs. Life	245.00	270.00
Monarch Life 10% pd.	17.50	22.50
Nat. Life 25% pd.	100.00	115.00
Saskatchewan Life 10% pd.	....	18.00
Sovereign Life 25% pd.	16.00	20.50
Sun Life Assur.	325.00	400.00
Western Assur. c.	19.50	21.75
Western Life 20% pd.	9.00	14.00
Trust & Loan Stocks:		
Br. Mtge. & Tr.	165.00	....
Can. Gen. Investments Ltd.	3.25	4.00
Chartered Trust	80.00	87.00
Deb. & Sec. c.	....	30.00
Deb. & Sec. pfd.	....	48.00
Eastern Can. Sav. & Loan	118.00	130.00
Eastern Trust	145.00	165.00
Guelph & Ont. Inv. par $50	50.00	62.00
Investment Foundation Units	18.00	22.00
Lambton Loan & Savings	65.00	75.00
London & Western Trust	100.00	106.00
Midland Loan & Savings	15.00	....
Mtge. Disc. pfd.	3.00	3.75
Mutual Fin. pfd.	....	4.00
Mutual Fin. c.	....	4.00
Premier Trust	75.00	84.00
Sherbrooke Tr.	105.00	125.00
Security Loan & Savings	100.00	115.00
Sterling Trust	....	89.00
Traders Fin. c.	....	3.50
Traders Fin. pfd.	28.00	36.00
Trusts & Guar.	55.00	63.00
Victoria Trust & Savings	170.00	....
Waterloo Trust & Savings	100.00	120.00
Power Issues:		
B.C. Elect. Pwr. & Gas pfd.	89.50	92.00
Calgary Pwr. pfd.	60.00	68.00
Can. Light & Pwr. com.	10.50	20.00
Can. West. Nat. Gas LH&P c.	18.00	23.00
Can. West. Nat. Gas LH&P pfd.	56.00	64.00
Great Lakes Power pfd.	....	79.00
N.B. Pwr. 1st pf.	....	50.00
N.B. Tel. c.	7.75	10.25
N.S. L&P pfd.	60.00	73.00
Ottawa LH&P 6½% pfd.	....	99.00

Recent London Quotations:

Brewer Distillers	2s.
Can. & For. Sec.	3s. 9d.
Can. West. Lumber	1s. 6d.
Hudson's Bay	16s. 3d.
Do., 5% pfd.	60s
Internat. Holdings	$1
Nld. Pr. & Pap. deb. stock "B"	85
Trust & Loan of Can.	

Active Current Bond Prices

April 26, 1932

	Bid	Asked
Dominion of Canada 5½/33	100⅝	101½
Dominion of Canada 5½/34	100⅛	100⅝
Dominion of Canada 5/43	96½	97½
Dominion of Canada 4½/46	91½	92½
Dominion of Canada 4½/56	89.	90.
Dominion of Canada 5/36	97½	98½
Dominion of Canada 5/41	96½	97½
C. N. R. (Dom. of Can. Guar.) 4½/51	89.	90.
C. N. R. (Dom. of Can. Guar.) 4½/55	90½	92.
C. N. R. (Dom. of Can. Guar.) 5/54	93.	95.
C. N. R. (Dom. of Can. Guar.) 5/69	94.	95½
Province of Ontario 5/48	94.	95.
Province of Ontario 5½/47	100.	102.
Province of Ontario 6/35	100.	102.
Province of Ontario (Hydro) 4½/70	89.	91.
Province of Quebec 4½/56	83.	85.
City of Montreal 6/41	101.	103.
Abitibi Power & Paper 5/53	37.	43.
Argentine Gov't (Ser. B) 6/58	48.	52.
Beauharnois Power 6/59	35.	40.
Bell Telephone Co. of Canada 1st, 5/57	97.	100.
Brazil, U. S. of, Ext. S. F. 6½/57	18.	20.
British Columbia Power 5/60	74.	83.
British Columbia Power 5½/60	83.	89.
British Columbia Telephone 5/60	88.	93.
Calgary Power 5/60	75.	85.
Canada Cement 1st Mtge. S. F. 5½/47	75.	85.
Canada Northern Power Corp. 5/53	72.	80½
Canada Steamship Lines 6/41	30.	40.
C. P. R. Collateral Trust 5/54	75.	80.
C. P. R. Secured Notes 4½/44	70.	75.
Chile Republic Ext. S. F. 6/60	7.	8.
Columbia Republic Ext. S. K. 6/61	18.	20.
Davies, Wm. 6/42	77.	82.
Dominion Canners 6/40	96.	100.
Dominion Square Corporation 6/48	50.	60.
Dominion Tar & Chemical 6/49	76.	82.
Dominion Textile 6/49	97.	102.
Duke Price Power 1st, 6/66	60.	70.
Eastern Dairies, Ltd., Conv., 6/49	84.	92.
Eaton, T. Realty 5/49	78.	85.
Famous Players 6/48	73.	80.
Federal Grain 6/49	70.	75.
Foreign Power Securities Corp. 6/49	60.	70.
Fraser Companies 6/50	20.	30.
Gatineau Power, 1st Mtge. 5/56	68.	74.
Gatineau Power, S. F. Debs. 6/41	66.	73.
General Steel Wares 6/52	28.	40.
Howard Smith Paper Mills 5½/53	62.	65.
Harris Abattoir 6/47	85.	90.
Manitoba Power, 1st S. F. 5½/51	60.	70.
Maple Leaf Milling 5½/49	60.	65.
Massey-Harris, 1st Mtge. 5/47	60.	70.
MacLaren Quebec Power 5½/61	72.	82.
Montreal Coke, 1st S. F. 5½/47	93.	98.
Montreal Island Power 5½/57	84.	93.
Montreal Light, Heat & Power 5/51	96.	101.
Montreal Tramways 1st Coll. Trust 5/41	90.	95.
Montreal Tramways Gen. Ref. 4½/55	65.	75.
Montreal Tramways 5/55	70.	75.
Moodie, J. R. 6/48	85.	90.
Ontario Power Service 5½/50	50.	60.
Ottawa Valley Power 5½/70	84.	94.
Power Corporation of Canada 4½/59	55.	70.
Price Bros. 1st S. F. Ser. "A" 6/43	45.	55.
Quebec Power 1st Mtge. Coll. S. F. 5/68	80.	85.
Shawinigan Water & Power 4½/70	70.	75.
Shawinigan Water & Power 5/70	75.	80.
Simpsons 6/49	65.	75.
Southern Canada Power 1st 5/55	87.	92.
United Securities Coll. Trust 5½/52	75.	85.
West Kootenay Power 5/56	75.	85.
Windsor Hotel 6½/48	85.	90.
Windsor Hotel 6/47	70.	80.
Winnipeg Electric 5/35	85.	100.

Listed Bond Quotations

Week Ending April 25

Montreal	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1932 High	Low
Abitibi, 1st mtge.	5	1953	...	...	...	...	46	34½
Asbestos	5	1942	...	49	49	...	65½	49
Asbestos, 1st mtge.	6	1941	...	...	...	...	*20	14
Do., gen. mtge.	6	1956	...	†14	...	...	*9	...
Can. Cons. Rub.	6	1946	...	...	...	...	*69½	...
Can. Cottons	5	1940	...	...	...	...	*91	90
Can. Forgings	6	1942	...	...	...	...	*100	...
Can. Locomotive	6	1951	...	†9½	...	...	‡96	...
Can. Pr. (Laur.)	5½	1958	...	...	...	...	7	7
Do. (Way. Ser.)	5½	1958	...	...	...	...	*28½	5½
Can. S. S. deb.	5	1943	...	...	...	...	‡98½	...
Cedars Rapids	5	1953	5.15	†100	...	...	100	98
Dom. Canners	6	1940	...	...	...	...	‡103	...
Dom. Coal	5	1940	...	...	...	...	*98½	98
McNish	6	1948	...	†2.00	1.25	...	1.25	...
Mex. L. & Pr.	5	1940	...	...	...	...	*73½	70½
Mont. L.H.&P. debs.	3	1939	...	...	40½	40	40½	40
Mont. Tr. 1st mtge.	5	1941	6.32	†92	91	...	93½	91
Mont. Tr. "A"	5	1955	6.97	...	...	...	80½	73½
Mont. Tr. G. & R. "B"	5	1955	6.75	...	...	...	79½	78½
Do., "C"	4½	1955	...	...	...	...	*85	84
Do., "D"	5	1955	6.62	...	...	...	81	78
N. S. Steel	5	1959	...	39	...	...	*62½	59
Ogilvie Flour "A"	6	1932	6.00	100	...	...	100	...
Do., "B"	6	1932	...	100	...	...	‡100½	100
Do., "C"	6	1932	6.00	100	...	...	100	...
Ont. Steel	6	1943	5.94	96½	...	...	100½	...
Porto R. Pr.	5	1936	...	...	...	...	*93	88
Steel of Can.	6	1940	...	102½	...	...	*107½	104½
Wayagamack	6	1951	...	†41	...	...	*75	45
Winn. Elec.	5	1935	...	...	...	...	99½	99¼
Toronto								
Canada Bread	6	1941	...	...	...	...	*101½	100
Steel of Can.	6	1940	5.60	...	...	...	102½	...
Dominion Gov't. Bonds (Montreal)								
War Loan	5	1937	3.57	105.75	....	....	107.00	105.00
Victory Loan	5½	1933	4.72	100.75	100.65	....	101.25	100.25
Do.	5½	1934	5.28	100.30	....	....	100.85	99.25
Do.	5½	1937	4.35	105.00	....	....	108.15	104.00
Do., refund	4½	1940	5.54	93.00	93.00	....	94.60	91.50
Do., refund	5	1943	5.38	96.50	96.75	....	98.25	95.38
Do., refund	4½	1944	5.36	91.65	....	....	92.25	89.50
Do., refund	4½	1946	5.29	91.25	92.15	....	92.25	89.00
Do., renewal	5½	1932	3.63	100.40	....	....	100.60	100.25
Conversion Loan	4½	1956	5.31	89.25	89.00	....	89.00	88.50
Do.	4½	1957	5.33	89.50	....	....	89.50	88.50
Do.	4½	1958	5.09	91.75	....	....	92.75	89.25
Do.	4½	1959	5.08	91.35	91.50	....	92.25	89.00
Nat. Service Loan	5	1936	5.56	97.75	98.25	97.50	98.50	96.25
Do.	5	1941	5.42	96.65	97.00	96.75	98.25	95.00

†Latest ask.
‡Quotations for 1930. *For 1931. None recorded in 1932 to date.

Stocks With Minimum Prices

Can. Canners, c.	8
Do., 1st pref.	80
Do., convert. pfd.	9
Dominion Bridge	27
East. Steel, com.	15
Do., pref.	97
Nat. Breweries	24
Do., pref.	31
Ogilvie Milling	185
Ottawa L. H. & Pr.	100
Power Corp.	36½
Price Bros.	25
Do., pref.	70
Shawinigan Power	33
Weston's, com.	38
Do, pref.	75
Windsor Hotel	10
Trust and Loan	
Canada Perman.	175
Central Can. Loan	285
Economic Invest.	32
Huron & Erie	125
Do., 20% paid	23
Landed Banking	135
National Trust	235
Ontario Loan	100
Real Estate Loan	95
Tor. Gen. Trusts	200
Tor. Mortgage	95
Union Trust	90
Banks	
Banque Canadienne	150
Bank of Commerce	176
Dominion Bank	179
Imperial Bank	178
Bank of Montreal	206
Bank of N. S.	259
Royal Bank	201
Bank of Toronto	183

Note re Unlisted Securities

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co. Limited, Canada Permanent Bldg., Toronto, Ontario

Provinces	Rate	Actual Maturity	Next Int. Date	April 25, 1932	%
*Alberta	4½	1 Oct. 1958	1 Oct.	78.40	6.15
Alberta	5	1 July 1943	1 July	89.85	6.25
Alberta	6	1 Apr. 1936	1 Oct.	96.00	7.16
*British Columbia	4½	1 Oct. 1953	1 Oct.	83.05	5.90
*British Columbia	5	15 Jan. 1948	15 July	90.60	5.90
British Columbia	6	15 Aug. 1941	15 Aug.	97.75	6.32
Manitoba	4	1 July 1947	1 July	77.85	6.25
*Manitoba	5	2 Dec. 1959	2 June	86.50	6.00
Manitoba	5	15 June 1943	15 June	89.85	6.25
*New Brunswick	4	1 June 1948	1 June	84.35	5.45
*New Brunswick	4¾	15 June 1936	15 June	97.25	5.45
New Brunswick	6	1 Jan. 1936	1 July	100.90	5.75
*Nova Scotia	4½	15 Nov. 1948	15 May	89.55	5.45
Nova Scotia	5	1 May 1943	1 May	93.75	5.75
*Nova Scotia	6	1 Nov. 1936	1 May	102.40	5.45
*Ontario	4½	1 Sept. 1944	1 Sept.	93.50	5.20
Ontario	5	15 Oct. 1948	15 Oct.	95.50	5.42
Ontario	6	2 May 1936	2 May	101.00	5.70
P.E.I.	4	1 Apr. 1939	1 Oct.	89.20	5.80
P.E.I.	4½	1 Oct. 1944	1 Oct.	88.55	5.80
*Quebec	4¼	1 May 1961	1 May	90.00	4.90
Saskatchewan	4½	1 Oct. 1944	1 Oct.	83.05	6.50
Saskatchewan	5	1 Oct. 1950	1 Oct.	84.00	6.50
Saskatchewan	6	1 Feb. 1936	1 Aug.	96.00	7.00
Cities					
*Montreal	5	1 Sept. 1963	1 Sept.	92.55	5.50
*Toronto	4½	1 Jan. 1955	1 July	87.05	5.50
*Vancouver	5	15 Jan. 1970	15 July	83.80	6.10
Winnipeg	5	1 Mar. 1944	1 Sept.	88.40	6.40
*Edmonton	5½	1 Apr. 1947	1 Oct.	85.95	7.00
Calgary	5	1 Jan. 1943	1 July	84.85	7.00
Halifax	6	1 July 1951	1 July	102.30	5.80
Saint John	5	15 Dec. 1950	15 June	91.00	5.80
Regina	4½	1 July 1950	1 July	73.45	7.10
Victoria	5	21 July 1945	21 July	87.88	6.35
Quebec	5	1 June 1948	1 June	92.10	5.75

*New York payment

C.I.I.T. INCOME AT GOOD LEVEL FOR PAST YEAR

Several Changes Made to Strengthen Balance Sheet

From Our Own Correspondent

MONTREAL.—A moderate decline in revenue, cancellation of 650 shares of the 5 per cent cumulative preferred stock, and a reduction in the par value of the common stock from $10 to $1 a share, are features of the report of Canadian International Investment Trust for the year ended February 29, last.

Gross revenue during the year amounted to $238,124, as compared with $268,129 at the end of the preceding year. After taking care of general expenses, bond interest and discount, there remained a balance of $112,250 available for distribution on the capital stock. This compared with $144,250 reported in the 1931 statement. Only nine months dividends were paid on the preferred stock, and it is stated in the report that further dividend action will not be taken until the directors meeting next August.

Details of Income

Particulars of the profit and loss account for the past two years follow:

	1932	1931
Gross	$238,124	$268,129
Expenses	20,666	19,879
	217,468	248,250
Less: Interest & disc.	105,218	104,000
Net income	112,250	144,250
Less: Pfd. dividends	*68,992	98,277
Balance	43,258	45,973
Less: Tax reserve	6,000	......
	37,258	45,973

*Nine months only.

The balance sheet reflects the change in the value placed against the common stock which resulted in the establishment of a capital surplus of $1,080,108. After absorbing losses arising from securities sold during the year, and after adjusting the book value of some investments, there remained a total investment reserve of $798,163 which was charged off against investments. Consequently the balance sheet shows a reduction in assets from $5,196,044 at the end of February, 1931, to $4,112,693 at the end of 1932.

Security Values Lower

Investments at cost less reserve are shown on the books at $3,889,881, which had a market value on February 29th last, of $2,657,465. Current assets are lower at $109,271, while unamortized bond discount and prepaid taxes remain about the same at $113,541. The principal changes among capital liabilities include the redemption of a further block of preferred stock, leaving the amount outstanding at $1,815,000. The management state that no further redemption of this stock is contemplated. Common shares of no par value outstanding number 120,012, which are given a value on the balance sheet of $1 each, as compared with $10 each in the previous statement.

The investment portfolio shows investments at cost, call loans, and cash totalling $4,770,416. Distribution of these assets shows a changing trend toward bonds, debentures, and preferred stock. The percentage of cash and call loans in common stock shows a reduction during the year.

FREIGHT RATES ON GREAT LAKES HIT 'STEAMERS'

Tariff on Wheat Shipments Lowest Recorded Since War

From Our Own Correspondent

MONTREAL.—An indication of the problems which have confronted Canada Steamship Lines in the past two years is seen in the decline in average water freight rates on wheat shipments on the Great Lakes. Canal statistics issued by the government for 1931 show that the average rate per bushel was 6.46 cents, the lowest figure to be recorded since the war and comparing with 11.64 cents a bushel in 1920. These rates are taken on the basis of shipments from Port Arthur to Montreal.

The light traffic on the Great Lakes was responsible for the lower tariff in effect last year. The rate of 6.46 cents compared with 7.95 cents in the 1930 and 7.72 cents in 1929. Following are comparative figures on rates per bushel of wheat from the Head of the Lakes to Montreal:

	Cents		Cents
1920	11.64	1926	9.60
1921	10.86	1927	8.53
1922	10.60	1928	8.39
1923	10.91	1929	7.72
1924	8.99	1930	7.95
1925	9.03	1931	6.46

Soo Canals Slacker

The relative slackness which prevailed in navigation last year is reflected in tonnage passing through the canals at Sault Ste. Marie. Despite the fact that navigation on the upper lakes opened eleven days earlier than in 1930, traffic through the Soo canals amounted to 44,614,168 tons which was a decrease from the 1930 tonnage of 39 per cent. The drop was caused largely by decreased shipments of iron ore, down-bound, and coal shipments, up-bound, but traffic using the Canadian lock increased by 528,096 tons.

Opening of the new Welland ship canal last year to permit ships of a maximum length of 550 feet, was a feature of canal activities in 1931. The opening of the enlarged canal had a marked effect on traffic, even during the first year of its operation. Iron ore for Hamilton had previously been shipped from Lake Superior ports to Point Edward, and thence to Hamilton by rail. Docks and facilities were constructed to handle this ore from boats at Hamilton, however, and during 1931, 255,814 tons of iron ore were shipped through from Lake Superior ports by boat to Hamilton. The total down-bound traffic to Hamilton was 1,342,127 tons as against 697,109 tons in 1930.

St. Lawrence Traffic Off

The total traffic using the St. Lawrence Canal amounted to 6,036,980 tons, which was a net decrease from 1930 of 142,043 tons. The largest decreases were 457,845 tons of wheat at 1,937,485 tons and in pulpwood and bituminous coal. There was an increase in the tonnage of petroleum and oil, including gasoline, in flour, oats and barley. Traffic on all the other canals showed decreases.

Extend Fort William Brewery

Work has now begun on a two-story annex to the plant of the Kakabeka Falls Brewing Company at Fort William. The addition is to house soft drink manufacturing machinery. In addition to the cost of the structure, machinery to the value of $15,000 will be installed, it is officially stated.

EASY WASHER LOSS HAS BIG INCREASE

Directors Enter Management Contract With Equitable Credit

Operating loss of $113,033 is reported for Easy Washing Machine Co. in the year ended December 31, 1931, while provision for losses on repossession and bad debts amounted to an additional $111,622. Net write down of fixed assets is shown at $3,686 and provision for collecting costs of retail accounts is $49,000. Because of losses and write-offs the surplus of $61,071 at December 31, 1930, is changed to a deficit of $216,269 as at December 31, 1931. In 1930 the company had a loss of $127,928 after payment of preferred dividends for one quarter.

In order to stop losses, it is stated that the directors of the company have recently approved a management contract with Equitable Credit Ltd., Montreal. This contract is subject to the approval of shareholders. It is stated that should operations under this contract prove satisfactory control of the company may change hands.

Current assets are shown at $577,414; current liabilities at $306,139. At the end of 1930, these items were $971,543 and $448,485, respectively. Included in current assets are cash at $2,857; accounts receivable at $81,219; retail accounts at $310,140, after reserves amounting to $242,000 have been deducted. Inventories are shown at $181,014. Among current liabilities, bank loans and overdrafts are shown at $224,660, which compares with $325,500 at the end of the preceding year, but at April 20, 1932, these loans had been reduced to $163,200. Accounts payable are shown at $68,577, at December 31, 1931, and these have since been reduced to $31,171.

Fixed assets of the company, after deduction of reserve for depreciation, are shown at $65,476, and consist of machinery and equipment, furniture and fixtures, and automobiles. Goodwill is carried at $166,709. There remain outstanding 3,975 shares of $100 par value preferred stock on which no dividends have been declared since March 31, 1930, and 38,535 of no par value common stock. Deficit carried forward as shown in the following income and surplus account amounts to $216,269.

CONS. INCOME AND SURPLUS ACCT.
Years Ended December 31

	1931 $	1930 $
Gross earnings		
Less: Selling exp.	254,093	391,611
Admin. & gen. exp.	367,125	254,270
Add: Disc. on purch.	....	275,024
Interest earned	....	945
	....	55,726
Net earnings	*113,032	*81,012
Less:		
Res. invent. deprec.	....	15,000
Loss on repossess.	111,622	25,000
Net profit	*224,654	*121,012
Less appropriations:		
Pref. dividends	....	6,956
Surplus for year	*224,654	*127,968
Add: Previous surplus	61,071	182,252
Refund of 1928 inc. tax	....	
Bal. of inc. tax res. returned	....	5,400
Less: W/o fixed assets	......	5,400
Acct. receiv. res.†	3,686	....
	49,000	....
Bal. carried forward	‡216,269	61,071

*Loss.
†Provision for collection of cost of retail accounts. ‡Deficit.

WOOD, ALEXANDER CASH MAINTAINED

Hamilton Hardware Firm Operating Profit Was Lower

Dealers at wholesale in hardware, Wood, Alexander and James Ltd., experienced decreased business in the year ended January 31, 1932, due both to curtailed retail demand and reduced sales to manufacturers. Net earnings from operations are shown as $18,805, as compared with $86,553 the previous year, and after provision for depreciation, bond interest and income tax, the company had a loss of $19,024 as compared with a profit of $47,020 in 1930-1931.

After payment of two quarterly dividends on the first preferred stock, the company had a loss for the year of $41,774 which reduced the surplus carried forward to $86,271 from $128,045 brought forward from the previous year. Bond interest was earned 1.01 times before depreciation as compared with 4.4 times in the year ended January 31, 1931, in which year the first preferred stock earned at the rate of $7.23 per share and paid $7 in dividends.

The liquid position of the company has been well maintained with current assets of $766,816 against current liabilities of $59,648, a ratio of 12.8 to 1. Working capital amounted to $707,168 compared with $745,722 the previous year. Cash is shown at $72,327 and Dominion of Canada short term bonds at $50,687. Bills and accounts receivable have been reduced to $166,071 from $176,532 and inventories are down to $477,731 from $544,152. Chief items of current liabilities are bills and accounts payable including Dominion Income Tax, totalling $50,618 against $93,541 the previous year. Bond interest payable February 1, 1932, is shown at $9,030.

Fixed assets at cost are shown at $679,684, which includes land and buildings at $596,061. Reserve for depreciation at $102,438 has been increased by $16,369. Prepaid operating expense is shown at $12,109 and bonds of the company at cost at $12,610. There remains outstanding $301,000 of 6% first mortgage bonds due 1944, a reduction of $18,000 during the year. The company has outstanding 6,500 shares of $100 par value 7 per cent first preference stock and 2,124 shares of $100 par value 7 per cent second preferred stock and 6,500 shares at no par value common stock. Capital stock is carried in the balance sheet at $921,863 and surplus amounts to $86,271.

Income and surplus accounts for the past two years is shown as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended January 31

	1932 $	1931 $
Net earnings	18,805	86,553
Less: Depreciation	16,368	16,614
Bond interest	18,600	19,680
Income tax	2,861	3,239
Net profit	*19,024	47,020
Less: 1st pref. divd.	22,750	45,500
Surplus for year	*41,774	1,520
Add: Previous surplus	128,045	126,525
Balance forward	86,271	128,045

*Loss.

GASOLINE COMPANIES RAISE PRICE ONE CENT AS CRUDE COST GOES UP

(Continued from page 9)

want to pump oil to the same destination it is not possible to segregate it and identify it separately. Application is made to the pipe line to transport a certain amount of oil.

The pipe line tariff stipulates a certain minimum amount that can be tendered, and that amount is authorized by the Interstate Commerce Commission. Then the oil is taken out of common storage and delivered through the pipe lines in 100,000 barrel lots. If it is a long distance there will be oil consigned to various refineries and a number is placed on the particular tender that is applied for and deliveries are made every day in certain quantities on that tender until the buyer receives the exact amount of crude oil purchased.

The usual way to purchase crude oil, stated Mr. McCloskey, is to ask for a definite line allotment; that is, 10,000 barrels a day or 5,000 barrels or whatever requirements may be and to have the crude oil purchased by the purchasing agent, and delivered to the line at that rate, and taken out of the line at the final destination at that rate. The amount allowed to pipe lines for transport in the form of loss between the time it leaves the well and arrives at the destination, is one per cent of the oil purchased.

Pay Buying Commission

Besides the gathering and pipe line charges a buying commission is paid to the buying agent which amounts to five cents per barrel in the mid-continent field; in the Illinois field where Imperial Oil buys the crude direct from the producer, the Ohio Oil Company, there is no buying commission. There is at the present time an excise tax on this crude oil as well but in 1930 there was not such a tax.

The total gasoline produced in Sarnia in 1930 from this crude oil was 51.75 per cent, made of various grades of gasoline, specialties and different things such as rubber solvents, cleaning naphthas and many other grades. Mr. McCloskey stated that 5.99 per cent was lost in evaporation in the distilling operations.

Of the 51.75 per cent in gasoline obtained the natural yield was 30.88 per cent and the cracked gasoline 20.87 per cent. The natural gasoline is the gasoline that can be taken from the crude by distilling it at atmospheric pressures. After it is taken off there remains kerosene which is distilled under atmospheric pressure, also lubricating distillates, wax distillates, and numerous other distillates that the crude contains. In order to get more gasoline from the crude it is necessary to resort to cracking under high temperatures and high pressures, an expensive operation. Imperial Oil distils at the refineries now at about 960 temperature and 1,000 pounds pressure.

In cracking operations the refinery starts on lower pressure and then steps it up. This minimizes the losses in distillation. There are about four processes in the cracking operation. As well as the distilling of the crude and the distilling of the oil there are various cuts of distillate which must be re-run and it is a continual sifting-out process to segregate fractions of like nature and keep them together.

Mr. McCloskey further testified that the pipe lines deliver 100 per cent of what the refineries purchase and the producer stands the loss of 1 per cent in transportation. Purchases are made by refineries on the basis of a posted price. Purchasing companies who are located in the mid-continent and other fields post a price that they will pay the producer at the well for delivery through the gathering lines to the bulk tonnage in the field. The buying companies work on a commission basis of 5 cents a barrel and it is a competitive business. Some of them have their own production but in addition to that they buy crude from the small producer.

The principal buying companies in the mid-continent field are the Carter Oil Co., the Prairie Oil and Gas Co., the Texas Co., the Gulf Refining Co., the Stanolind Company (a subsidiary of the Standard Oil Co. of Indiana) and the Magnolia Petroleum Co. All those companies as a rule post the same prices and charge the same buying commission. There might be a day or so between the posting of the prices of one company and the other.

Pete Sells Mid-Continent Basis

The crude oil sold by the International Petroleum both in Peru and in Colombia, Mr. McCloskey stated, is on a competitive basis with mid-continent crude. The Peruvian crude oil is sold by the International to companies in the following locations: Campania in Argentine, S.A., to the Standard Oil Co. of New Jersey; New York refineries; Tonsberg, Norway; to the Tidewater Oil Co., Bayonne, New Jersey; and the Imperial Oil Refineries at Montreal and Halifax. The Colombian crude is sold to the following places: Campania, Argentina, South America; Antwerp, Belgium; Trieste, Italy; Buenos Aires, Argentina; and to the Imperial Refineries at Ioco, Montreal and Halifax. All these crudes in all instances are billed on the average posted price of the six major mid-continent producing companies mentioned.

In the case of the mid-continent field the pipeage charges from the field to the gulf, that is, the rate to tanker loading points, consist of 12½ cents gathering, 20 cents pipeage, the West Dallas, Texas, buying commission of 5 cents, making the price at West Dallas 37½ cents above the well price of the crude. If that crude is delivered to Houston and Port Arthur, from the mid-continent field, the gathering charge is 12½ cents, pipeage 37½ cents and the buying commission 5 cents. That makes the total price at Houston and Port Arthur 55 cents above the well price of the mid-continent crude.

In the case of shipments from Peru and Colombia to these points International Petroleum Co. has to transport the crude to the seaboard and the charge is 35 cents per barrel on Peruvian crude above the well price of mid-continent, as compared with 37½ cents per barrel charged in the mid-continent field to get it to the loading point at Gulf at West Dallas, Texas, and it is 37½ and 55 cents to the gulf at Houston and Port Arthur.

In the case of Colombian crude it is transferred from the field 335 miles by pipe line located adjacent to the Magdalena river. The crude is transported to Cartegena. The differential is 37 cents per barrel over mid-continent crude as against 37½ cents in the mid-continent field to West Dallas and 55 to Houston and Port Arthur.

Week's Canadian Quotations—Continued

Foreign Exchange

New York Funds

	High (Premium) %	Low %	Last Year High (Premium) %	Last Year Low %
April 20	11 1-8	10 15-16	3-64	1.32
April 21	11 5-16	11 1-8	1-16	3-64
April 22	11 7-16	11 1-4	5-64	3-64
April 23	......	......	9-128	1-16
April 25	11 17-32	11 7-16	1-16	3-64
April 26	11 7-8	11 7-16	9-128	1-16

STERLING, FRANCS AND LIRE
(Close Demand in New York)

	Sterling	Francs	Lire
April 20	3.76 1-2	3.94 3-8	5.14
April 21	3.75 1-2	3.94 1-4	5.14
April 22	3.74 1-4	3.93 3-4	5.14
April 25	3.66 1-2	3.94 1-8	5.14
April 25	3.66 1-2	3.93 1-8	5.14
April 26	3.68 1-8	3.94	5.14

FOREIGN EXCHANGE
(Close Demand in Toronto)

Par		Apr. 12	Apr. 19	Apr. 26
5.26	Italian	5.69¾	5.70¾	5.75¼
23.80	German	26.30¾	26.38¼	26.56¾
13.90	Belgian	15.50	15.57	15.64
49.48	Japanese	36.96	37.02	36.64

Canadian Bonded Grain in U. S.

Quotations on New York Produce Exchange, Basis Buffalo
Week to April 26

High *to date	Low	Wheat	Close Apr. 19	High for week	Low for week	Close Apr. 26
.72	.53¾	May	.60	.59	.57½	.58½
.64½	.53¾	July	.62	.61	.59½	.60¾
.66½	.59	Oct.	.64	.63	.62	.62½

*Since trading opened March 8, 1931.

Winnipeg Grain Prices

Week to April 26

Crop Year from Aug. 14 High	Low		Open Apr. 20	High for week	Low for week	Close Apr. 26
		Wheat				
.76	.55½	May	.63½	.63¾	.61½	.62¾
.77½	.60	July	.65¾	.65¾	.63¾	.64½
.72¾	.62½	Oct.	.68	.68	.66	.67
		Oats				
.38	.28	May	.33	.34½	.32½	.34
.37½	.30½	July	.33½	.33¾	.32¼	.33½
.35¾	.31½	Oct.	....	.35	.31½	.32¾
		Barley				
.47¾	.32½	May	.42½	.42¾	.41½	.42¾
.45½	.38¼	July	.42¾	.42¾	.41¼	.42
.43½	.38½	Oct.	.40½	.40¾	.39¾	.39¾
		Flax				
1.21	.96½	May	.99½	.99¾	.96½	.97½
1.16½	.98¾	July	1.01½	1.02¼	.98¾	.99¾
1.09½	1.01	Oct.	1.04¼	1.04½	1.01	1.02½
		Rye				
.59¾	.32½	May	.47½	.47½	.43¼	.44
.59	.43¾	July	.48¾	.49	.44¾	.45¼
.55⅞	.46½	Oct.	....	.49⅞	.46½	.47½

Mining Stock Quotations

Week Ending April 25

Par Val.	Range 1932 High	Low	Company	Sales	Close April 18 (or last)	High for week	Low for week	Close April 25
1	.05¾	.04	Abana	......	.04½	.....	.....	.....
1	.02	.00¾	Aconda	......	.00¾	.....	.....	.....
No	.15	.15	Aldermac	100	.15	.15	.15	.15
1	.09	.01½	Alexandria	12,500	.01½	.01½	.01½	.01½
1	.01½	.00¾	Algonquin	......	.00¾	.....	.....	.....
1	.01	.00¾	Amity C.	......	.00¾	.....	.....	.....
No	.22	.10	Amulet	1,650	.10½	.12	.11½	.11½
1	.00¾	.00¾	Apex	......	.00¾	.....	.....	.....
1	.02¾	.01	Area	3,000	.01½	.01½	.01½	.01½
No	.03	.01½	Arno	33,500	.01½	.01½	.01½	.01½
1	.02¾	.02	Astoria Rouyn	......	.02¾	.....	.....	.....
1	.07	.03¾	Bagamac	4,500	.04	.05½	.05	.05½
1	.00¾	.00¾	Baldwin	......	.00¾	.....	.....	.....
1	.12	.05¾	Barry Holl. new	10,025	.06½	.07	.05½	.06½
No	1.00	.50	Base Metals	400	.80	.50	.50	.50
No	.12	.04	Bidgood	80,650	.05¾	.05	.04½	.04¾
1	.16¾	.05	Big Missouri	12,000	.05½	.08	.05	.06½
1	.05¾	.02¾	Bobjo	7,300	.03½	.04	.03½	.03½
1	.08	.06	Brett Trethewey	......	.06	.....	.....	.....
No	.03	.01	Brownlee	21,500	.01½	.01½	.01	.01½
1	.00¾	.00¾	Buckingham	......	.00¾	.....	.....	.....
No	.36	.22¾	Buffalo Can.	31,100	.32½	.32½	.30	.30
No	.02¾	.01	Bunker Hill	2,500	.01	.01	.01	.01
5s	.50	.10	B'Wana McKubwa	......	.10	.....	.....	.....
No	.01	.00¾	Cal. Flin Flon	......	.01	.....	.....	.....
No	.03	.02	Canam Metals	......	.02	.....	.....	.....
1	.04	.01½	Can. Kirkland	1,000	.04	.02½	.02½	.02½
1	.09	.02	Canuss	9,000	.02	.03	.02½	.02½
No	.02¾	.00¾	Capital Rouyn	1,000	.00¾	.00¾	.00¾	.00¾
1	.07	.02¾	Cartier Malartic	4,500	.06	.07	.07	.07
1	.15	.12	Castle Trethewey	12,000	.12	.12	.12	.12
1	.08	.05	Cen. Manitoba	1,100	.06	.06	.05½	.05½
1	.07½	.04	Cen. Patricia	1,500	.05	.04½	.04	.04
No	.07½	.02	Chibougamau Pros	5,000	.03½	.03½	.02	.02
No	.02	.01	Clericy	14,000	.01½	.01½	.01½	.01½
5	3.00	1.00	Coast Copper	50	1.00	1.00	1.00	1.00
1	.02	.01	Cobalt Contact	......	.01	.....	.....	.....
No	.16	.15	Cobuc	......	.15½	.....	.....	.....
1	.08	.05	Columario	......	.05	.....	.....	.....
5	.80	.75	Coniagas	......	.80	.....	.....	.....
No	.40	.28	Coniaurum	2,560	.28	.30	.28	.28
25	75.00	35.00	Cons. Smelters	822	40.00	40.00	38.00	40.00
1	.01½	.01½	Crown Reserve	......	.01½	.....	.....	.....
No	12.50	9.00	Dome Mines	11,290	9.10	10.35	9.25	9.75
No	.10	.03	Dom. Explorers	7,500	.04½	.05	.03	.04
1	.01	.01	Don Rouyn	......	.01	.....	.....	.....
1	1.55	1.04	Eldorado	25,600	1.08	1.15	1.04	1.10
No	1.05	.60	Falconbridge	1,775	.70	.72	.62	.62
1	.04	.02	Federal	......	.02½	.....	.....	.....
No	.00¾	.00¾	Flintoba	......	.00¾	.....	.....	.....
No	.07	.01½	Gem. Lake	11,500	.01½	.01½	.01½	.01½
1	.02¾	.01½	Goldale	......	.01½	.....	.....	.....
10	.11	.10	Goldfield	100	.10	.10½	.10½	.10½
1	.00¾	.00¾	Gold Hill	1,000	.00¾	.00¾	.00¾	.00¾
1	.04	.02¾	Goodfish	500	.03¾	.03	.03	.03
1	.01	.00¾	Graham	......	.00¾	.....	.....	.....
1	1.25	.75	Granada	2,115	.75	.90	.80	.80
1	.22	.09	Grozelle	2,500	.15	.12	.09	.09
1	.02¾	.01½	Harker	3,000	.01½	.01½	.01½	.01½
1	.01½	.00¾	Hilltop	12,600	.00¾	.00¾	.00¾	.00¾
5	5.70	4.45	Hollinger	12,384	4.50	4.85	4.60	4.70
1	.36	.28	Howey Gold	16,825	.31	.31	.28	.28
No	2.78	1.60	Hudson Bay	790	1.75	1.75	1.60	1.70
No	.20	.15	Huronian	200	.15	.15	.15	.15
No	11.00	6.00	Int. Nickel	12,077	6.75	6.87	6.25	6.50
1	.01½	.00¾	Jackson Manion	......	.01½	.....	.....	.....
1	.23	.15	Keeley	1,150	.21½	.21	.21	.21
1	.02¾	.01	Keora Mines	3,000	.01	.01	.01	.01
1	.70	.40	Kirk. Hud. Bay	3,300	.51	.60	.45	.51
1	.02¾	.00¾	Kirk. Hunton	......	.01	.....	.....	.....
1	.55	.30	Kirkland Lake	15,050	.35	.37	.30	.30
1	.03¾	.01	Kirk. Premier	32,500	.01½	.01½	.01	.01
1	.13	.07½	Kirk. Townsite	1,900	.08	.08½	.08	.08½
20c	.01½	.00¾	Koot. Florence	3,000	.00¾	.00¾	.00¾	.00¾
1	.01½	.00¾	La Rose	......	.01½	.....	.....	.....
1	.41	.14	Lakeland	......	.40	.....	.....	.....
1	29.50	25.90	Lake Shore	2,040	26.25	26.90	26.00	26.90
1	.00¾	.00¾	Laval	......	.00¾	.....	.....	.....
1	.06¾	.01½	Lebel Oro	1,000	.03	.03	.03	.03
1	.41	.27	Macassa	1,900	.30	.31	.28½	.28½
1	.07	.02¾	Malartic	200	.04	.04	.03	.04
No	.06	.03	Mandy	2,000	.04	.03½	.03	.03
No	.01½	.00¾	Manitoba Basin	100	.00¾	.01	.01	.01
5	19.50	15.85	McIntyre	860	16.50	16.25	15.90	15.90
1	.35	.25	McKinley	......	.32	.....	.....	.....
No	.09¾	.03¾	McLeod River	60,200	.04	.04½	.03½	.03½
No	1.43	.60	Mining Corp.	6,345	.80	.85	.60	.68
1	.08¾	.01½	Moffatt Hall	47,500	.02	.01½	.01½	.01½
1	.02¾	.02¾	Moneta	......	.02¾	.....	.....	.....
1	.45	.30	Moss	22,300	.32	.35½	.30	.33
1	.02¾	.01	Murphy	2,000	.01	.01	.01	.01
No	.03	.01	Newbec	2,000	.01½	.01½	.01½	.01½
5	1.15	.62	Nipissing	250	.80	.70	.62	.62
No	19.80	15.00	Noranda	5,308	16.15	16.25	15.15	15.25
No	.24	.15	Nor. Canada	200	.20	.15	.15	.15
No	.01	.00¾	Old Colony	......	.00¾	.....	.....	.....
1	.08	.05	Osisko	600	.05	.05	.05	.05
1	.08	.08	Parkhill	......	.08	.....	.....	.....
1	.13¾	.11	Patricia Dent	......	.13	.....	.....	.....
1	.02	.01½	Pawnee Kirk	2,000	.01½	.01½	.01½	.01½
No	1.15	.65	Pend Oreille	175	.65	.75	.65	.65
1	.01	.00¾	Peterson Cobalt	......	.00¾	.....	.....	.....
1	4.10	3.10	Pioneer Gold, B.C.	5,700	3.50	3.51	3.22	3.22
1	.05	.04	Pioneer	......	.04	.....	.....	.....
1	.00¾	.00¾	Porcupine Crown	......	.00¾	.....	.....	.....
1	.02	.00¾	Potter Doal	2,000	.01½	.00¾	.00¾	.00¾
1	.63	.39	Premier Gold	1,725	.41½	.42	.40	.40
1	.00¾	.00¾	Preston E. Dawe	......	.00¾	.....	.....	.....
No	.30	.15	Prospectors Air's	......	.21	.....	.....	.....
No	1.00	1.00	Quebec Pros.	......	1.00	.....	.....	.....
No	.06	.04	Quemont	1,000	.05	.04	.04	.04
1	.02¾	.01	Ribago	19,000	.01	.01½	.01	.01
1	.02¾	.01	Ritchie	8,900	.01½	.01½	.01	.01½
1	.01½	.00¾	Robb Montbray	......	.01½	.....	.....	.....
No	.42	.25	San Antonio	300	.32	.32	.30	.30
1	.09	.09	Seven Troughs	......	.09	.....	.....	.....
1	.65	.30	Sherritt Gordon	21,660	.37	.38	.30	.30
1	.70	.50	Siscoe	27,460	.60½	.60½	.59	.60½
1	.03	.01½	South Keora	......	.01½	.....	.....	.....
No	.02¾	.01	Stadacona	19,000	.01	.01½	.01½	.01½
1	.17	.07	St. Anthony	1,500	.07½	.07	.07	.07
No	.45	.20	Sudbury Basin	600	.23	.24	.22	.22
1	.01½	.00¾	Sudbury Contact	......	.01½	.....	.....	.....
1	.01	.00¾	Sudbury Mines	......	.00¾	.....	.....	.....
1	.12	.09	Sullivan	700	.09	.09	.09	.09
1	.65	.42	Sylvanite	8,000	.45	.47	.44	.43½
1	.07	.02	Tashota	7,000	.02½	.02½	.02	.02
1	5.25	3.10	Teck Hughes	50,454	3.80	3.95	3.10	3.36
1	.03½	.02	Thom. Cadillac	......	.02½	.....	.....	.....
1	.40	.15	Towagmac	1,100	.20	.15	.15	.15
No	3.00	1.01	Treadwell	200	2.25	2.25	2.00	2.00
1	.09½	.04	United Kirk.	500	.05	.04	.04	.04
1	.01½	.01	Vacuum Gas	......	.01	.....	.....	.....
No	.53	.22	Ventures	40,300	.33	.34	.22	.24
1	.17½	.04	Vickers	......	.10	.....	.....	.....
1	.45	.19	Vipond	9,783	.30½	.30	.29	.30
No	1.00	.27	Waite Ackerman	400	.30	.27½	.27	.27½
1	.07	.03	White Lake	2,000	.03½	.03	.03	.03
1	.01	.01	Wiltsey Coghlan	......	.01	.....	.....	.....
No	3.06	2.22	Wright-Hargreaves	17,680	2.25	2.40	2.23	2.28

OIL STOCKS

Par Val.	Range 1932 High	Low	Company	Sales	Close April 18 (or last)	High for week	Low for week	Close April 25
No	.19	.11	Acme	19,300	.12½	.12	.11	.11½
1	1.17	.70	Ajax	4,800	.75	.75	.70	.70
1	.12	.05	Alta. Pacific	700	.05	.05	.05	.05
1	.03½	.04½	Askalta	......	.03	.....	.....	.....
No	.10	.01	Associated	......	.05	.....	.....	.....
No	.04	.00¾	Baltac	......	.02	.....	.....	.....
	.05½	.02½	Benton	50	.00¾	.01	.01	.01
1	.06	.04	Brit. Dominion	......	.02½	.....	.....	.....
1	.09	.16	Calmont	......	.04	.....	.....	.....
No	.38	.03	Calgary & Ed.	200	.20	.05½	.05	.05½
1	.11	.10	Com. Pete	900	.05	.18	.16	.18
No	.20	.01	Dalhousie	1,000	.12	.04	.03	.04
No	.01	.00¾	Devenish	100	......	.10	.10	.10
No	.02	.04	Dome Oil	12,000	.00¾	.01	.01	.01
No	.12½	.01½	East Crest	1,661	.06½	.07	.06	.06½
No	.01½	.07	Fabyan Pete	......	.01½	.....	.....	.....
No	.10	.02	Foothills	......	.10	.....	.....	.....
No	.03½	.00¾	Freehold	......	.02	.....	.....	.....
1	.02	.03	Great West	......	.00¾	.....	.....	.....
No	.06½	.02½	Hargal	......	.04	.....	.....	.....
No	.05	.17	High Sarcee	50	.02¾	.03	.03	.03
No	.47	.01½	Home	......	.20	.....	.....	.....
No	.05	.23	Homestead	......	.02½	.....	.....	.....
1	.50	.00¾	HomesteadO & G.	50	.30	.01½	.01½	.01½
1	.01	.00¾	Illinois Alberta	1,400	.00¾	.24	.24	.24
No	.02½	.07	Lethbridge	......	.00¾	.....	.....	.....
1	.02	.00¾	Madison	......	.00¾	.....	.....	.....
1	.15	.22	Mayland	1,000	.07	.00¾	.00¾	.00¾
No	.04	.07½	McD. Segur Ex.	......	.01½	.....	.....	.....
1	.04½	.08½	McD. Segur N.	......	.03½	.....	.....	.....
1	.50	.15	McLeod	1,050	.25½	.01	.01	.01
No	.10½	.04	Mercury	......	.07½	.....	.....	.....
No	.08	.03	Merland	6,200	.06	.07½	.07½	.07½
No	.15	.01	Mill City Pete	......	.08½	.....	.....	.....
1	.20	.04	Model	......	.15	.....	.....	.....
1	.05	.02½	Monalta	100	.05	.15	.15	.15
1	.07	.02½	Moose Mountain	......	.03	.....	.....	.....
5	.14	.02½	New Federal	......	.01	.....	.....	.....
No	.04½	.02½	Nordon	......	.04	.....	.....	.....
No	.05	.02½	Oil Selection	32,500	.02½	.05	.04½	.04½
No	[illegible]	.02½	Okalta	6,000	.02½	.03½	.02½	.02½
100	15.00	15.00	Do., pref.	......	15.00	.....	.....	.....
No	.20	.12	Olga Gas & Oil	......	.13	.....	.....	.....
No	.06½	.02	Penn. Pete	15,500	.02½	.03	.02½	.02½
No	20.00	20.00	Perfection Pete pfd	12	20.00	20.00	20.00	20.00
1	.28	.15	Petrol Oil & Gas	1,600	.15	.15	.15	.15
No	.14	.08	Ranchmen's	......	.09	.....	.....	.....
1	.01	.00¾	Regent	......	.01	.....	.....	.....
No	.02½	.01	Richfield	......	.01	.....	.....	.....
No	6.65	4.50	Royalite	60	4.75	4.70	4.50	4.50
1	.12	.05	Sarnia Oil	2,500	.10	.07	.07	.07
1	.03	.01	Signal Hill	100	.01½	.01	.01	.01
1	.20	.17	Spooner	......	.18½	.....	.....	.....
No	.11	.06	Sterling Pacific	1,000	.06½	.....	.....	.....
1	.11	.07½	Turner Valley	......	.07½	.07½	.07½	.07½
No	.08	.04	United	......	.04½	.....	.....	.....
1	.09½	.08	Vulcan	......	.08	.....	.....	.....
No	.02	.00¾	Wainwell	......	.00¾	.....	.....	.....

VANCOUVER STOCK EXCHANGE
(Transactions for week to April 20)

Par Val.	Range 1932 High	Low	Company	Sales	Close April 18 (or last)	High for week	Low for week	Close
25c	.00¾	.00¾	Bayview	......	.00¾	.....	.....	.....
20c	.05	.03½	Beaver Silver	1,000	.03¾	.03¾	.03¾	.03¾
25c	.02½	.01	Bluebird	......	.01½	.....	.....	.....
1	.12½	.06¾	Bridge River Cons.	16,000	.09¾	.10	.09½	.09½
25c	.01½	.01½	Cork Province	......	.01½	.....	.....	.....
1	.13	.06	Cotton Belt	......	.09	.....	.....	.....
1	.45	.15	George Copper	120	.25	.25	.15	.25
50c	.01½	.01½	Geo. Enterprise	1,500	.01½	.02	.02	.02
1	.04¾	.02½	Georgia River	5,000	.03	.03	.02½	.02½
1	.24	.15½	Golconda	500	.16	.15½	.15½	.15½
50c	.08	.03	Grandview	1,000	.03	.03¾	.03¾	.03¾
25c	5.25	5.25	Hecla Mining	......	5.25	.....	.....	.....
1	.01	.01	Independence	......	.01	.....	.....	.....
1	.01	.01	Indian Mines	......	.01	.....	.....	.....
1	.11½	.09	Inter. Coal	......	.11	.....	.....	.....
1	.21	.21	Jack Waite	......	.21	.....	.....	.....
25c	.00¾	.00¾	Kootenay King	......	.00¾	.....	.....	.....
1	.19½	.13	Lorne Gold	46,900	.16	.16½	.14½	.15
10c	.02	.01	Lucky Jim	......	.01	.....	.....	.....
5c	.12	.05½	Metaline Metals	......	.05½	.....	.....	.....
1	.03	.00¾	Morton Woolsey	1,500	.00¾	.00¾	.00¾	.00¾
50c	.03	.01½	National Silver	8,000	.01½	.01½	.01½	.01½
50c	.08½	.03	Noble Five	3,200	.03½	.03	.03	.03
50c	.01	.00¾	Oregon Copper	......	.03	.....	.....	.....
1	4.11	3.30	Pioneer Gold	2,650	3.75	3.70	3.40	3.40
50c	.08½	.05	Porter Idaho	......	.05	.....	.....	.....
No	.01	.00¾	Premier Border	......	.00¾	.....	.....	.....
No	.28	.15	Reeves McDonald	......	.15	.....	.....	.....
1	.52	.21½	Reno Gold	28,400	.46	.45	.39	.42
1	.05	.04	Ruth Hope	......	.04	.....	.....	.....
1	.03½	.02¼	Silverado	......	.03½	.....	.....	.....
25c	.02	.01½	Silver Crest	......	.01½	.....	.....	.....
50c	.01½	.00¾	Snowflake	......	.00¾	.....	.....	.....
20c	.02½	.01	Wellington	......	.01	.....	.....	.....
1	.04	.04	Whitewater	......	.04	.....	.....	.....
No	.00¾	.00¾	Woodbine	......	.00¾	.....	.....	.....

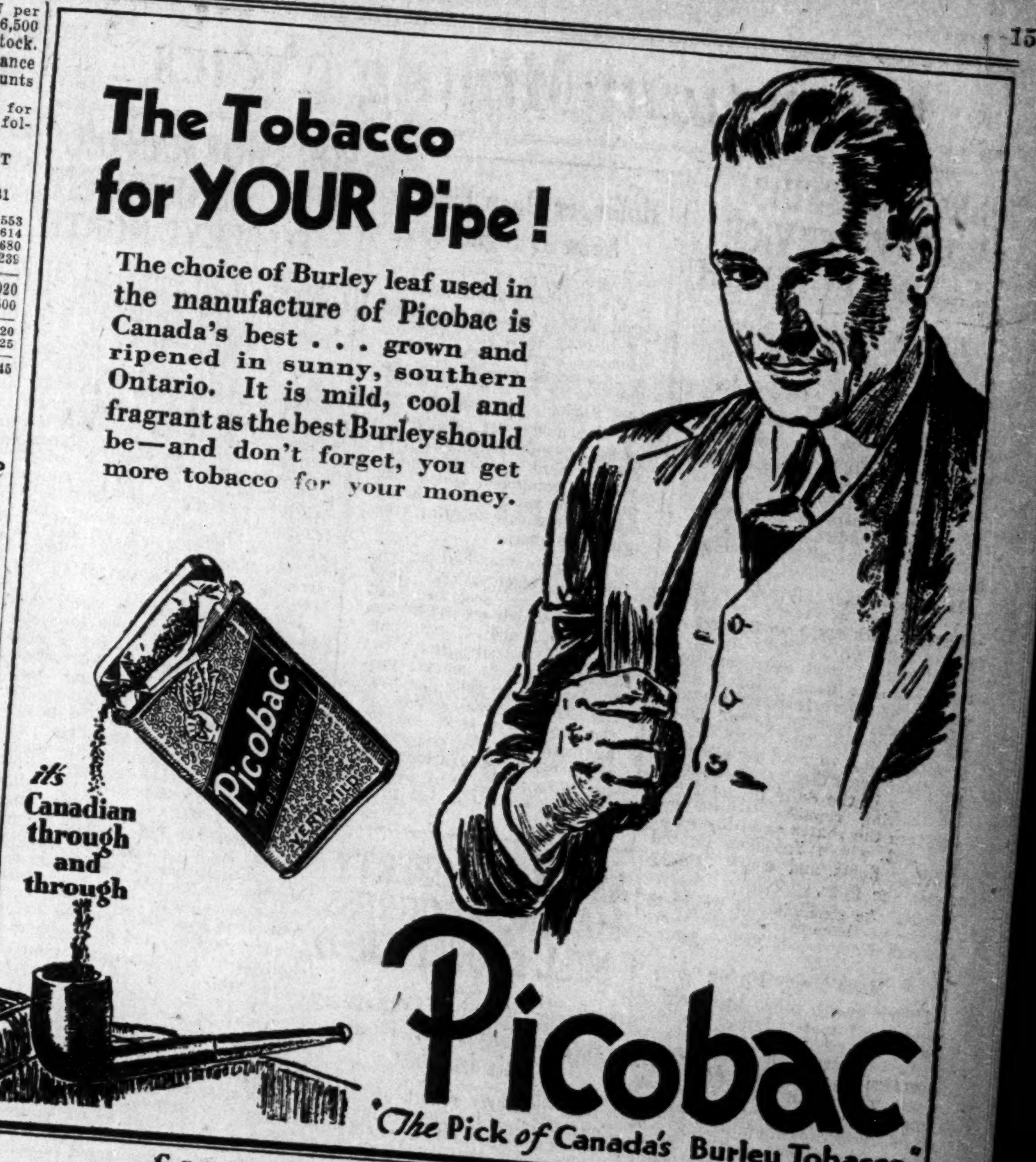
DIVIDEND PAYERS

	Rate	Yield		Rate	Yield
Ajax Oil	3c.	....	Noranda	50c.	3.27
Cons. Smelters	$2.50+a	6.25	Premier	12c.	....
Dome Mines	$1+20c.	12.30	Pioneer, B.C.	12c.	3.72
Hollinger	65c.	13.83	Royalite	50c.	....
Howe Sound	$1	....	Siscoe	4c.	....
Lake Shore	$2+50c.	9.29	Sylvanite	4c.	....
McIntyre	$1	6.28	Teck Hughes	60c.	17.85
McLeod Oils	5c.	....	Wright-Har.	10+2½c.	5.48

a. Stock bonus 1 share for each 20 shares held.

Sell B. C. Wood in Argentine

There is a good market in Argentina for Douglas fir and other British Columbia woods, according to E. L. McColl, Canadian Trade Commissioner at Buenos Aires, but technical knowledge is sometimes required, he says, in order to overcome the prejudices in favor of softwoods



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"With All Sails Set"

SAUNDERS NORVEL, president Remington Arms Co. and outstanding manufacturer, formerly head of McKesson & Robbins Inc., one of the leading wholesale drug firms in the U.S.A., recognized as one of the keenest business organizers in the United States, says in a recent article:--

"After all, selling and advertising are simply like the sails on a ship. If there is a time when sails must be taken in it is when there is too much wind. When the wind is light and times are dull then I believe is the time we should clap on full sail, all the ship can stand in advertising, in order to catch whatever breeze there is."

Perhaps one of the fifteen business newspapers noted below is the extra sail needed to bring you extra sales. Write the individual paper.

BUSINESS NEWSPAPERS DIVISION
MacLean Publishing Co., Ltd., 153 University Ave., Toronto

Hardware and Metal
Drug Merchandising
Sanitary Engineer
Canadian Grocer
Dry Goods Review
Bookseller and Stationer
Men's Wear Review
Quantity Food Buyer
Oil Heating in Canada
Meat and Provision Buyer
The General Merchant of Canada
Canadian Paint and Varnish Magazine
Home Furnishing Requirements
Hardware and Metal's Data Service
Sheet Metal and Warm Air Heating Review

Canadian Mining News

MERCY ERRANDS PART OF SERVICE FLYING IN NORTH

Canadian Airways Serves the Sick and Wounded in Northern Outposts

Flying over that vast expanse of territory north of the 55th parallel between Hudson Bay and the Mackenzie River is just a days work for the northern pilots of our aerial transportation companies, and it is seldom that their outstanding feats receive due recognition.

It is not commonly known that the exploits of these northern aviators mark them as the greatest in the world. Their flying is for the most part over territory that has not been mapped adequately or where facilities are not available in case of forced landings. In comparison with this it is interesting to read of some of the flying feats that are given wide publicity in the daily press of our neighboring republic, where not only are the routes carefully mapped but where frequent lighted landing fields and every facility await the flyer.

With the extension of flying to remote northern places a new service has been established—mercy flying.

Much Mercy Flying

Every month pilots are making errands of mercy-flying the sick and wounded from northern outposts to where adequate medical attention is available. As an example of the amount of this work done the following log of the Canadian Airways is illuminating. Not only is the extent of this flying surprising, but like the services of the family doctor, it is frequently gratuitous.

For the first three months of 1932 the following emergency flying has been reported by Canadian Airways alone:

January 10—Pilot H. A. Schade—G-CASL—"Charter trip for R. W. Starratt of Northern Transport Ltd.—one sick man and one injured man from Camp 2."
Gold Pines to Camp 2 and return, 24 miles.

January 18—Pilot A. M. McMullen—Machine CF-AJC—"Mrs. Fitch sick—McPherson to Aklavik Hospital." McPherson to Aklavik, 75 miles. Temperature 50 below zero.

January 26-27—Pilots A. M. McMullen and C. H. Dickins—Machine CF-AJC and CF-AJQ—"Sick man with appendicitis for Edmonton Hospital." Norman to Edmonton—1,280 miles.
"Sick man with ulcerated stomach for Edmonton Hospital." Simpson to Edmonton, 980 miles.
"Sick man with appendicitis." McMurray to Edmonton, 280 miles. Temperature 25 below zero.
(Three hospital cases on one ship.)

January 30—Pilot J. F. Bythell—Machine CF-AIA—"Special trip to Fort Vermilion to bring out Mrs. Lens—rush hospital case—very sick." Peace River to Fort Vermilion and return, 370 miles. Temperature on ground on trip 50 below zero.

Pilot W. R. May had to do with a series of occurrences among the strangest in which aircraft have taken part since the war. A summary of events is given with extracts from flight reports dated February 3 to February 24.

In December last complaints were received by the Royal Canadian Mounted Police regarding the actions of a trapper, Albert Johnston, in the district near Arctic Red River, N.W.T.

When the officers went to investigate matters the trapper shot and wounded Constable King. At a later date he shot and killed Constable E. Millen.

Owing to the inaccessibility of the area and the difficulty of maintaining supplies by dog team, it was decided to employ aircraft for transportation of men and rations, also for scouting purposes. Pilot W. R. May and Engineer Bowen left McMurray on February 3 with Bellanca CF-AKI and arrived at Aklavik on February 6.

February 7—"Aklavik to Camp, 40 miles up Rat River. Traced tracks up mountain side. Light got bad."

February 8—"Scouting trip over head waters of divide to headquarters on Rat and Bell Rivers. Picked up tracks on Barrier River. Brought body of Constable E. Millen to Aklavik."

February 12—"Scouting—no new tracks found."

February 13—"Landed La Pierre House."

February 14—"Followed tracks to mouth of Eagle River. Lost tracks among mass of caribou tracks."

February 17—"Followed trail from mouth of Eagle River—watched battle with Johnston—saw man wounded—landed and brought Staff-Sergeant Hersey to Aklavik." (Hersey was wounded while kneeling; the bullet passing along the thigh and up to the chest.)

February 18—"Aklavik to La Pierre House. Picked up Inspector Essex and body of Johnston, kit, etc."

February 22—"Aklavik to Simpson with Constable King—wounded at Rat River. Body of Constable E. Millen."

February 23—"Impossible weather."

February 24—"Simpson to McMurray, with body of Constable Millen to McMurray—Constable King and Jack Cameron (sick) for Edmonton Hospital." (McMurray to Aklavik, 1,485 miles).

February 25—CF-ACO—H. C. W. Smith: Emergency call received at Quebec to pick up a man seriously injured at St. Paul du Nord, on the north shore of the Gulf of St. Lawrence, approximately 200 miles below Quebec. Instructions were wired to our mail plane which was then at Seven Islands. Pilot Smith landed at St. Paul du Nord on his return trip to Quebec. The injured man was taken to the Hotel Dieu, Quebec City, where it was discovered that he was suffering from a double fracture of the left leg.

March 1—CF-AET—H. D. Wardle: In the afternoon of March 1 a telephone call was received at Head Office requesting aeroplane service for Dr. Levesque, suffering from a serious case of appendicitis at Parent, Quebec. In spite of adverse weather conditions, consisting of rain and snow and the resultant ice formation on wings, Pilot Wardle made two attempts to get through from Grand'Mere to Parent, but was forced down en route. Early the following morning conditions had improved sufficiently to enable Pilot Wardle to reach Parent and he returned to Grand'Mere with his patient shortly after 9 o'clock, landing on the St. Maurice River at the nearest accessible point to the Grand'Mere Hospital.

* * *

March 4—W. R. May—CF-AKI—"Sick Indian with badly poisoned hand to hospital at Simpson." Fort Providence—Fort Simpson—150 miles. (Took doctor from Resolution to Providence.)

March 6—N. G. Forester—CF-AJF—"Brought passenger from God's Lake to hospital at Norway House, Man. Gone blind as result of injury." God's Lake—Norway House—15 miles.

March 8—N. G. Forester—CF-AJF—"Brought sick Indian from Island Lake to hospital at Norway House." Island Lake—Norway House—125 miles.

March 12—J. F. Bythell—CF-AIA—"Emergency trip. Sick Indian Woman; stretcher case." Carcajou to Peace River—110 miles.

March 17—S J. McRorie—CF-AFL—"Emergency hospital case; woman at Red Lake poisoned herself. Made special trip and brought out woman and her two children." Sioux Lookout—Red Lake and return—232 miles.

March 20—A. M. McMullen—CF-AJQ—"Special hospital flight with young lady, 19 years of age, seriously ill with tuberculosis to Smith hospital." Savards to Fort Smith and return—320 miles. (Her father accompanied her on the trip and returned home by plane.)

March 21—W. R. May—CF-AKI—"Trapper with bad eyes." Fort Providence to Fort Simpson—150 miles.

March 26—H. A. Schade—CF-AFL—"Rush call to bring out Mrs. —who had a fractured leg." Sioux Lookout to Red Lake and return—232 miles.

Hollinger Deep Find Seen as Significant

A development taking place at the Hollinger Consolidated Gold Mines, that is regarded by mining men as being of unusual significance, is the encountering of the No. 55 and No. 99 veins at the 3,900 foot horizon which appear to be the downward extension of the upper vein system. The development is near the Schumacher boundary, and where cut it is reported as being 15 feet in width, showing free gold copiously.

Hollinger has had an extensive exploration programme under way in recent months, which on the whole, is not regarded as being particularly encouraging, but the new developments, particularly since they are near the Schumacher section of the property, lend encouragement for the company's exploration programme being directed toward exploring this section of the property.

ASHLEY PROPERTY MAKING PROGRESS MILL IS DELIVERED

Mining Corp. Quarterly Report Says Mill Ready Late in Year

The quarterly report of Mining Corporation of Canada for the three months ended March 31, deals principally with the development of the company's subsidiary, the Ashley Gold Mining Corp., in Matachewan, where the shaft has been deepened from the 500 ft. horizon to 585 ft. to permit the installation of ore-loading equipment preparatory to production. Two raises for ore and waste were put through from the loading station to the 500-ft. level and similar raises are being put through between levels. A pumping station is also being installed at the 500-ft. level. During the period under review preparation is being made for milling operations which are expected to start by fall. The report states that on the 125-ft. level, 411 ft. of drifting has been completed; on the 250-ft. level 362 ft., and on the 375-ft. level 246 ft. while on the 500-ft. level 184 ft. has been done. In the total work done on the various horizons considerably more than 50 per cent has shown ore of excellent milling grade. The greatest percentage of ore is shown in drifting on the 500-ft. level.

Electric power for mining and milling operations was made available at the property on March 15. The mill equipment is on the site and erection will be under way as soon as climatic conditions permit.

Cobalt Operations Curtailed

At the company's Cobalt property the mining of silver continues on a limited scale with the operations in the first quarter of the current year showing a satisfactory profit. The production was 493,975 ounces of silver.

Arrangements are being completed for breaking through from the underground workings into Cobalt Lake and allowing the slimes deposited therein to drain into the lower workings of the mine. It is expected that by draining the workings a substantial tonnage of ore remaining in the old veins will be recovered. Recent operations have been carried as near to the bottom of the lake level as was feasible without danger of breaking through. Diamond drilling and bore holes have been pushed ahead of the work and a high percentage of the ore remains recovered, but final extraction will be possible, it is expected, when the present programme is carried out.

Quebec Gold Output At New High Levels

The first quarterly report of the Quebec Bureau of Mines covering the three months ended March 31, 1932, reflects a trend to increased gold and silver production in the province. The gold producers in order of importance are Noranda, Siscoe and Granada. The copper production declined, reflecting the curtailment in the production of this metal at Noranda Mines. Asbestos and cement are both below the average of the respective quarters in 1931.

The following is a tabulation of production for the three months ended March 31, 1932:

	3 mo. end. Mar. 31, 1932
Asbestos, tons	26,833
Gold, ounces	101,456
Silver, ounces	166,163
Copper, pounds	15,758,511
Clay products, $	303,413
Lime, tons	23,640
Cement, barrels	352,194

FORT NORMAN OIL WILL BE UTILIZED TO SERVE NORTH

Inspection of Imperial Oil Wells Brings Favorable Report

It is expected that some official statement will be made at an early date by Imperial Oil regarding the taking of production at the Fort Norman wells. R. W. McKinnon, the Imperial Oil engineer, who left early in March for Fort Norman, has returned and made a report to his principals, which includes, The Financial Post understands, a recommendation for a site for a proposed refinery, adjacent to the wells.

Several years ago a small still was installed at the site of the wells with the idea of providing a local supply of gasoline. Due to restricted activity this plant has been closed down for several years and it is now proposed that a larger plant be installed to serve the rapidly increasing demand for gasoline, largely occasioned by the influx into the Great Bear Lake area. Just what size still is being considered has not been announced, but Mr. McKinnon reports that the consumption of gasoline in the Northwest Territories last year was approximately 2,400 barrels of aeroplane gas, 2,500 barrels of ordinary gasoline and 435 barrels of kerosene. A test was made on the wells which have been capped for many years. Attention was first brought to the oil possibilities of the area in 1920 when the No. 1 or discovery well was drilled to production at a depth of 991 ft. It is now reported that the flow from this well is about the same as it was in 1924 or 60 barrels a day. The No. 2 well, drilled in 1925, was tested on the recent inspection trip and flowed 179 barrels in a 24-hour test and it is expected it will give at least 100 barrels on regular production. The oil from these wells is reported to be of an unusually fine grade of crude, too light in its raw state for consumption in Diesel engines, but suitable by a simple distilling process for the production of gasoline. The residue from the distilling operations, it is expected, can be used for Diesel engines or for fuel. It is said that a high grade aeroplane gasoline is possible from the oil but that the cost of equipment would be prohibitive.

SMELTERS CORP. ACQUIRE ASSETS TELLURIDE GOLD

Old Shareholders Asked to Help Re-finance Property

Shareholders of the defunct Telluride Gold Mines of Canada are in receipt of official information from its former president, D. M. Gilpin, outlining the details of the liquidators' settlement and offering shareholders the opportunity to purchase stock in the Smelters Corp. of Canada now holding title to the property. The indebtedness of the Telluride Gold Mines, according to the statement, was $124,350, of which $22,105 was in preferred and secured claims while $102,246 comprised the ordinary claims against the estate. The liquidator realized $32,835 in cash, being the proceeds of the insurance, following the destruction of the Telluride mill by fire and the subsequent bankruptcy proceedings.

In the notice, D. M. Gilpin states that he purchased from the trustee in bankruptcy all the assets of the old company and has agreed to pay 100 cents on the dollar on all the proved preferred and secured claims and 60 cents on the dollar on all the proved ordinary claims by an issue of shares.

The present company, Smelters Corp. of Canada, was incorporated in 1929 by D. M. Gilpin, and has a capitalization of 2,000,000 shares of no par value. This company has acquired from D. M. Gilpin all the assets of the Telluride Gold Mines in consideration of 1,400,000 shares of the stock, of which 400,000 shares will go to satisfy creditors of Telluride Gold Mines on the basis of 23 cents per share. The balance of 1,000,000 shares is being offered to former shareholders of Telluride Gold Mines, until April 30, 1932, at 15 cents per share on the basis of one new share for each three shares formerly held. The plan of reorganization leaves 600,000 shares in the treasury for further financing.

Six adjacent claims have been added to the old Telluride property, for which the company will pay 200,000 shares of capital stock. The vendor of these claims is understood to be D. M. Gilpin. This will make the total holdings of Smelters Corp. 750 acres in the Boston Creek area of Ontario. The report estimates that $25,000 will rebuild the mill and put it in operation.

Board Named To Administer Alberta's Gas

The appointment has been announced of R. C. Wallace, president of the University of Alberta, A. A. Carpenter, chairman of the Alberta Public Utilities Board, and John McLeish, director of Mines Branch, Ottawa, as constituting the three-member board authorized by the recent Alberta Legislature to administer the Turner Valley gas field conservation policy. Hon. R. G. Reid, Minister of Lands and Mines of Alberta, announced the board following negotiations carried on by Premier Brownlee and the securing of Mr. McLeish from the Ottawa Department. Headquarters of the board will be Calgary and their expenses will be covered by a levy on the gas naphtha produced from the Turner Valley area.

Frank P. Fisher, the Ohio gas expert, who has been employed in a consulting capacity by the province respecting conservation, has been retained by the board in a consulting capacity.

SECURITIES ACT IS INTERPRETED TO MINING MEN

Col. Drew and Hon. Chas. McCrea Draw Sympathetic Hearing

Before a joint meeting of the Toronto branch of the Canadian Institue of Mining and Metallurgy and the Ontario Prospectors' Association, on Tuesday night, Lieut.-Col. G. A. Drew, commissioner of the Ontario Securities Act, proposed the formation of a committee representing the various phases of mining and mining finance to confer with him to discuss any changes that were thought necessary in the act.

Col. Drew made it clear that so long as prospectors and promotors did not overstep the boundaries designed to protect the public in promotional activities there was nothing to fear from him as administrator of the act. That any vague points not fully covered by the act would be dealt with in a sympathetic manner and that there would be no restrictions imposed that would interfere with mining or mining finance of a legitimate nature.

The present Ontario act is uniform with similar acts adopted by other provinces of the Dominion, and is neither patterned on the Blue Sky laws enacted in the United States, nor the strict security laws of England, according to Col. Drew.

Does Not Appraise Prospects

Contrary to impression that prevailed in the minds of some, Col Drew observed, no attempt is made in the administration of the act to appraise the merits of the mining property or prospect involved in any plan of financing. A prospector may sell units in a syndicate to finance his prospecting endeavors by registering with the administrator; he may also sell his prospect for cash or shares and be free to dispose of these shares without interference so long as he does not become a party in a major way to a company promotion or play the role of promotor when he is then required to register. What the act does restrict is a prospector or any vendor of properties taking about one-half of the authorized capitalization of a newly formed company, sometimes cash also, and then selling these vendors' shares in competition with treasury shares that are providing the funds for the development of the property. The act, commented Col. Drew, is to see that the funds raised from the public for mining development goes into the property and not into the pockets of the promotor.

McCrea Says Act Needed

Hon. Chas. McCrea, minister of mines for Ontario, spoke of the purposes of the act and outlined the need of some legislation for the protection of the public after the orgy of mining promotion that was foisted on the public in immediately preceding years.

Mr. McCrea observed that to his mind the definition of a prospector was a man who hoisted a pack on his back and set forth to find minerals. Whether successful or not, he was a prospector and deserved all the credit and sympathy going to his calling.

Confidence extended to the mining industry by the public in past years had in many instances been betrayed and the public badly deceived; as a result the industry had suffered a setback, said Mr. McCrea. The government now proposed to see that some measure of supervision was exercised and that the public would not be left holding the bag.

The prospector, he observed, should be willing to work with a government that wants to work with him. Mining is a hazardous enterprise, with handsome rewards for the successful and if the public gets a fair run for its money invested it is satisfied.

ACME OIL & GAS CO. EARNINGS GAINING

Report Shows Company is Making Progress, Despite Curtailment

The annual report of Acme Gas & Oil Co. for the year ended Dec. 31, 1931, reflects a year of progress despite the unprecedented curtailment of production in the Oklahoma and East Texas fields.

Since the present directorate took over the company, in March, 1931, current assets have been built up to $68,962 as compared with current liabilities of $9,868 as at March 31, 1932. This compares with an excess of current liabilities over current assets of $18,406 as at Dec. 31, 1930.

No income account is rendered, but the balance sheet shows income during 1931 of $93,303, from which has been deducted $52,716 as write-offs and reserves leaving a net profit for 1931 of $40,586. During the first three months of 1932 the net income was $25,548.

During the past year the company has drilled six additional gas wells in the Tillsonburg, Ontario, district and brought in an additional oil well in the East Texas field in which it owns a two-thirds interest. The Texas well is drilled on 20½ acres of property and there is room for drilling two additional wells. Since March 31, 1932, a second well has been drilled to production in the Texas field.

The annual meeting of the company is to be held in Toronto on May 2.

HORSESHOE MINE BEING REFINANCED

Arrangements have been announced by M. A. Bassett & Co., Toronto, for the refinancing by Montreal interests of the Horseshoe Mines, owning the old Regina gold mine in the Lake of the Woods area, about 40 miles from Kenora, Ontario.

The deal provides for the control of the company to pass to the new interests when financing is completed that will ensure the rehabilitation of the property and the placing of it on a production basis. In the interval the Toronto group, that has been connected with the company, will hold control.

Present plans call for the immediate dewatering of the mine and the commencement of further development and inspection.

The property was one of Ontario's earliest gold producers, recovering about $50,000 in gold but has not been revived since 1905, following the death of General Wilkenson who acted for the English interests formerly operating the mine.

It is now planned to give the property, already equipped with a mill and a complete camp, its long deferred chance to make good as a profitable mine.

Teck Hughes Selling Blamed on Bear Raid

Lack of Official Information, Necessitous Selling and Other Circumstances Prepare Way For Bear Raid That Had No Relation to Mine Developments

The decline of the market price of Teck-Hughes Gold Mines shares on the Standard Stock & Mining Exchange to a new low level on Monday of $3.10 per share, brought about such large-scale liquidation that it had the effect of closing out the margin accounts of many shareholders of long standing.

A decline from a high of $5 per share in March to $3.10 when unofficial reports from the mines carried only optimistic news, made well-informed mining men say it was evident that some force was at work to depress the market, other than known developments at the mine.

Some leading members of the Standard Exchange and interests close to Teck-Hughes contend that the market decline in the shares did not reflect the physical condition of the property, but was the result of a well-timed effort of a Toronto group to raid the stock and thereby to capitalize a chain of circumstances that had placed the stock in a vulnerable position.

More Information Wanted

It is maintained that the group, responsible for the start of the decline, sold out their holdings around $5 per share and started selling short which depressed the market to such an extent that unprotected margin accounts were thrown overboard, thereby accentuating the decline. Many members of the Standard Exchange are quite concerned and express regret that a popular stock like Teck-Hughes should be raided at a time when confidence in gold mining investments is being re-established. They contend that the action can only have the effect of lessening the confidence of the investing public in preferred securities.

Teck-Hughes is recognized as having an efficient and capable manager while its executives are known to be men of integrity and ability. The only criticism of the management and executives, according to some of the larger shareholders, has been their apparent policy of not keeping shareholders and the public informed as to their plans and the results of mine development. The public was expected, according to one shareholder, to take the earnings statement of the company as sufficient evidence that their interests were being looked after. This, he said, was quite sufficient as long as all went well at the property, but, like all mines, it encountered conditions that were not anticipated and in midsummer last year mining operations passed through a series of lean horizons on the 26th, 27th and 28th levels that served to disquiet those shareholders that were able to learn of these conditions. Meanwhile, he contended, officials of the company continued to hand out reassuring statements and not until the annual meeting were the facts presented to the shareholders.

Millheads Disappoint

When the new mill addition was completed, bringing the capacity up to 1,300 tons daily without the promised millheads of $18 per ton being maintained, another disappointment was at hand. By way of contrast, he commented, instead of $18 millheads, the last quarter of 1931 averaged but $11.50 per ton recovery. This reduction in millheads and consequent decreased recovery were not solely due to encountering the lean horizons, The Financial Post was informed, but were also due to a change in the mining policy. The sudden decision some months ago to go back in the upper levels of the mine and to clean up some of the low-grade ore, he contended, might have been good mining practice but, coming at the time it did, had a bad psychological effect on investors. Due regard was not shown shareholders.

Another factor, The Financial Post was informed, was that although two Canadian directors had been appointed to appease the Canadian shareholders the dominating forces of the company were in the United States, removed from close touch with market or mining operations.

Need Canadian Mining Directors

Criticism was also levied at the management and executives for appointing two Canadian directors who were not mining men and who, The Financial Post was informed, had to purchase stock in the company before they could qualify as directors. This, he said, was entirely unnecessary as in Toronto there were several prominent and well-known mining men who were large shareholders of Teck-Hughes and who could and would have given their attention and rendered valuable service as directors of the company, had favorable consideration been given to them.

The transfer books of the company last week showed the largest individual shareholder as being T. W. Watson & Co. of New York, with 346,824 shares, which include the holdings of the Denison estate. Holdings of the balance of the directors account for a total of 557,113 shares.

None of the Denison shares, The Financial Post is reliably informed, has been sold, nor have any of the other directors liquidated their holdings with the exception of a sizeable block held by Robert W. Pomeroy, a director. This latter liquidation, The Financial Post is reliably informed, was largely conducted many months ago and bore no relation to the physical development or conditions at the mine, and was purely a personal matter with Mr. Pomeroy.

This liquidation was carried on in an orderly manner that had no immediate effect on the market, but it was far reaching in its effect since the liquidation was carried on through one of the leading banks in Toronto, then through a Toronto exchange broker who passed it along to a Standard exchange broker. The transactions gave the bank knowledge of the liquidation and that is said to have prompted it to refuse loans in the majority of cases on Teck-Hughes stock. Because a director was selling it was thought that something was wrong at the property. Whether by coincidence or not, The Financial Post was informed, one of the brokerage houses that figured in the recent selling of the stock was also a customer of this bank. These facts have been recited to show the chain of circumstances that made the stock susceptible to a bear raid.

How Selling Started

Further circumstances responsible can be traced back to the days of Arthur E. Moysey & Co., who originally placed large amounts of Teck-Hughes stock with its clients. Upon this firm going into liquidation and the sentencing of its officials to Kingston penitentiary, it was expected that the accounts held by that firm would be divided up pro rata among the leading brokers. This was not done and O'Hearn & Co. took over the bulk of the accounts, including the accounts carrying Teck-Hughes shares, some from the time the stock was originally distributed through Moysey & Co. Last week O'Hearn & Co. were the largest registered shareholders of Teck-Hughes stock in Toronto, according to the transfer books.

With the stock in a vulnerable position, The Financial Post informant said, and the general manager away from the mine in Europe, the president of the company away on his yacht on the Atlantic, and no official news from the mine since the annual meeting, all served to form a situation that made for the success of a bear raid and to permit of the sponsor reaping a handsome profit.

Records of the Standard Stock & Mining Exchange show that the principal selling started from O'Hearn & Co., selling which was accentuated by numerous houses when prices tumbled to the point that margin accounts had to be liquidated. Who was the guiding spirit in the organized short selling programme was not disclosed to The Financial Post, but it was emphasized that his activities could not have been conducted without the knowledge of one or more exchange members, and their action in condoning the practice resulted in many of their own customers being wiped out.

Mine Shows Improvement

One well informed mining man who had an opportunity of studying the physical condition of the Teck-Hughes mine recently, contends that since the annual meeting last November the property has steadily shown improvement and that the new lowest level carrying extensive development is disclosing most promising ore. The geological conditions at depth have not changed, he contends, and it is quite reasonable to expect that large lenses of ore will be developed as work at depth proceeds. It was admitted, having regard for the limited length along the main break of the camp—about 1,325 feet—that more levels would likely be exhausted annually, than was the case on the adjoining Lake Shore property. This mining man further contends that the statement of the general manager of the company, D. L. H. Forbes, at the annual meeting, that dividends could be expected to be earned for many years to come, was fully justified. In the last quarter reported, an official statement showed that dividends had been earned although the grade of ore treated averaged a lower grade than in any time in the past ten years. No official figures have been published for the first quarter of 1932, but they are known to have shown some improvement over the last period in 1931. The greatest need, said one mining man, is for Teck-Hughes officials to realize they have a duty to the shareholders not only in keeping them informed as to the true developments at the mine, but also to lend their moral support to the stock and prevent such debauchery as occurred in the past ten days. It was contended that had the general manager and the president been on hand to refute rumors that have been circulated in the past ten days, such as the shaft buckling and the mine being out of ore, that the interests responsible for the market decline of the stock could not have carried out their programme.

Should Elect Canadians

The majority of the stock is held in Canada and it was up to Canadians, one large shareholder held, to see that Canadian directors were elected to the board who would and could properly interpret mining development for the benefit of the shareholders and in a measure, at least, protect the stock from an onslaught such as the last ten days have witnessed.

Toronto mining men, well informed as to Teck-Hughes' position, are known to have purchased large blocks of the stock early in the past week and thereby protected the market from still lower levels that the stock might have reached. One exchange member expressed to The Financial Post that the need was great for the Standard Stock & Mining Exchange members to discipline any member who of his own accord indulged in short selling practice and that it was apparent that the regulations of the New York Stock Exchange just adopted by the Standard Exchange respecting short selling, had been too long deferred. Unless some action is taken to protect investors, he contended, and the parasites eliminated, the Standard Exchange is likely to gain a bad reputation.

Plan is Pending For Refinancing Gem Lake Mines

A plan of reorganization is under way to recover Gem Mines located in the Central Manitoba gold area, from the trustee in bankruptcy, and provide funds to resume production.

Last fall a ten-ton mill was installed to bulk sample the development ore and treat the high grade, which it was expected would finance further operations. About $12,000 was recovered and it was decided that an expansion programme could be taken care of. The old 50-ton mill at the Selkirk Mine was purchased and is now at the Gem property. No cyanide equipment was acquired but this is all that is lacking to complete the increased mill facilities.

Horace Strong, a well-known Haileybury mining engineer, has been employed to make a further report on the property for a Western financial group and upon his report will depend the complete refinancing of the company.

It is understood that the liabilities of the company are something less than $35,000 and that the new financial group is prepared to come to the company's aid if the report pending is favorable.

Tailings

A party is being sent to the holdings of the McNeely-Matchewan Syndicate to explore further the finds made in Tyrrell township last fall. The syndicate staked a block of seven claims on which later several veins were disclosed. Following further surface work it is planned to conduct a diamond drilling programme to determine the structural features and values at depth.

* * *

No. 1 well of the Wellington Oils which blew in late in March has a continuous flow of approximately 32,500,000 cu. ft. of gas daily. The well is located adjacent to the Home wells in Turner Valley. Early production gave a relatively small naphtha output, indicating the dry nature of the gas. It is one of the largest gas flows yet reportel in the Turner Valley area.

* * *

In an official report of Hercules Consolidated Mining, Smelting & Power Co., it is stated the company has been able to meet its obligations, and intends resuming operations on some gold properties acquired in the Lardeau mining division of British Columbia. The properties acquired include the Oyster-Criterion, Lucky Jack, Red Horse and Burnier group in the central gold belt near Camborne.

* * *

Reports from Edmonton state that mining claims in the Great Bear Lake district are selling from $1,000 to $1,500 each. A Detroit group is reported to have purchased 14 claims at a cost of $23,000.

* * *

Sullivan Consolidated Gold Mines, adjoining Siscoe Gold Mines in northwestern Quebec, has resumed operations with operations in charge of K. C. Muir. J. M. Forbes, general manager of Siscoe is the company's consulting engineer.

* * *

The George Gold Copper Mining Co., owning a copper prospect in the Portland Canal Mining Division of British Columbia, has issued a financial statement which shows current liabilities on December 31, 1931, of $32,757. These liabilities constitute advances from the Consolidated Mining & Smelting Co., which controls the outstanding capitalization of the company consisting of $1,500,000 in $1 par value shares. The statement covers a year of inactivity.

* * *

Production figures for the first quarter of 1932 show that Lake Shore Mines had a slight reduction in tonnage milled and a reduction in gold recovery from the previous quarter. The value of the output in the first three months of 1932 was $3,027,000 from 204,869 tons of ore treated. This is an average recovery of $14.78 per ton. In the last quarter of 1931 the recovery was $3,230,000 from 212,650 tons of ore treated or an average recovery of $15.18 per ton.

HOWE SOUND EARNS $23,321 in Quarter

The quarterly report of Howe Sound Co. for the period ended March 31, 1932, shows a further decline in the company's earnings, reflecting restricted metal production. A net profit for the first three months of 1932 was $23,321 after depreciation of $70,331. This compares with a net profit of $46,190 after depreciation of $102,919 for the last quarter of 1931. The following is a tabulation of earnings and metal production:

Income Account

	1st quarter 1932	4th quarter 1931
Val. of metals sold	$954,894.91	$1,388,749.36
Operating costs ..	948,539.44	1,347,245.42
Operating income .	6,355.47	41,503.94
Misc. income	87,296.81	107,605.09
Total income	93,652.28	149,109.03
Less deprec.	70,330.80	102,919.22
Net income	$ 23,321.48	$ 46,189.81
Production		
Gold, oz.	589	1,132
Silver, oz.	795,704	835,099
Copper, lbs.	2,205,318	5,118,434
Lead, lbs.	22,232,713	22,386,280
Zinc, lbs.	3,163,129	10,509,959

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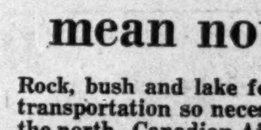

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Canadian Stock Market Leaders of To-morrow

Without prejudice and without any claim to prophetic vision, The Financial Post recently published a series of articles on good Canadian stocks that seem to meet the most obvious tests that need to be applied to good securities. These articles are reprinted in booklet form. The first chapter in the booklet outlines the record of some former leaders and tells why some disappeared and why some remained. It also discusses some essential tests. Further chapters discuss individual stocks. This booklet (48 pages and cover) is available at 25c

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